Graduate School of Management

Master in Management Program

MASTER THESIS

THE IMPACT OF COUNTRY-OF-ORIGIN ON RUSSIAN CONSUMER PURCHASING DECISION

(The case of French wine)

Master's Thesis by the 2nd year student

Concentration – MiM (General Management)

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St. Petersburg

2018

ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ

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I, Cindy Plaud, second year master student, program «Management», state that my master thesis on the topic "The impact of country-of-origin on Russian consumer purchasing decision (The case of French wine)", which is presented to the Master Office to be submitted to the Official Defense Committee for the public defense, does not contain any elements of plagiarism.

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АННОТАЦИЯ

Автор:	Синди Пло
Название магистерской диссертации:	Влияние страны происхождения товара на потребительское поведение россиян (на примере рынка французского вина)
Факультет:	Высшая Школа Менеджмента (Санкт-Петербургский Государственный Университет)
Направление подготовки:	Менеджмент
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Научный руководитель:	Фрейшанет Солирвисенс Хуан, доктор наук в области делового администрирования (PhD)
Описание цели, задач и основных результатов:	Целью этого тезиса было понять и продемонстрировать, повлияла ли страна происхождения продукта на покупки российского потребителя. Анализ был основан на примере французского вина. Изучив теорию страны происхождения и имидж страны, основное внимание было уделено рассмотрению страны происхождения российскими потребителями, оценке французских продуктов и воздействию социально-демографических факторов, таких как возраст и образование. Опрос был создан для того, чтобы получить как можно больше отзывов и ответить на вопрос исследования. Опрос был опрошен 113 респондентами. Благодаря этому опросу, результаты показали, что российские потребители не обращают внимания на происхождение продукта при его покупке. Тем не менее, российские потребители, имеющие положительный имидж Франции, будут влиять на оценку продукта. Социально-демографические критерии, такие как возраст, не были подтверждены в исследовании с учетом того факта, что большинство респондентов (65%) были между 21-29, поэтому сравнение было невозможно. Однако коэффициент образования показал, что он может повлиять на российских потребителей в решении о покупке. Результаты интересны

	для анализа компаний, которые заинтересованы сосредоточиться на интересах потребителей и основывают на них свою маркетинговую стратегию.
Ключевые слова:	Страна происхождения, влияние страны происхождения, образ страны, российский потребитель, французское вино

ABSTRACT

Author:	Cindy Plaud
Master Thesis Title:	The impact of country-of-origin on Russian consumer purchasing decision (The case of French wine)
Faculty:	Graduate School of Management (St.-P. State University)
Major subject:	Management
Year:	2018
Academic advisor's name:	Joan Freixanet Solervicens
Description of the goal, tasks, and main results:	The goal of this thesis was to understand and to demonstrate if the country of origin of a product had an impact on the Russian consumer's purchases. The analysis was based on the example of French wine. After studying the theory of country-of-origin and country image, the focus was made on the consideration of country of origin by Russian consumers, the evaluation of French products, and the impact of socio-demographic factors such as age and education. A survey was created in order to get as many feedbacks as possible and answer the research question. The survey was answer by 113 respondents. Thanks to this survey, the results showed that Russian consumers do not pay attention to the origin of a product when they are buying. However, Russian consumers who have a positive image of France will be influenced in the product evaluation. Socio-demographic criteria like age was not confirmed in the study taking into account the fact that the majority of the respondents (65%) were between 21-29, therefore, the comparison was not possible. However, the factor of education showed that it could influence Russian consumers in their purchase decision. The results are interesting to analyze for companies, which are interested to focus on consumer's interests, and based their marketing strategy on it.
Keywords:	Country-of-origin, Country-of-origin effect, Country image, Russian consumer, French wine

LIST OF ABBEVIATIONS

CAGR – Compound annual growth rate

COO – Country Of Origin

COOP - Country Of Origin Product

CPPI - Contextualized Product-Place Image

GDP – Gross Domestic Product

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INTRODUCTION

Globalization has made the penetration of new markets easier, but it also raised the problematic of understanding consumer preferences towards foreign products more difficult. As modern consumers, we are used to buy and consume products from all over the world during the whole year. This new way of consumption has lead to develop our own way of perceiving products and developing stereotypes about several countries. However, the need of understanding the consumer in his or her purchase decisions begins to be more and more crucial for companies. New ways of advertising, new packaging, new customer loyalty program, etc. everything is done in order to push consumers to buy and come back. Choosing a product can be a difficult process when a consumer does not have all the necessary information to understand what he or she is buying. Furthermore, researchers are trying to define which information are relevant and those which are not in the consumer‘ purchasing decision. Still widely studied due to a lot of uncertainties, the country of origin effect is a new way to understand consumers in their purchasing decision. Even though the theory begun to be popular in the sixties (*Schooler*, 1965), a lot of other researches have shown pros and cons.

Therefore, the **aim** of this research is to focus on the country of origin theory for the Russian market. The example of French wine will be taken in order to see if there is an impact between the country of origin, here France, and the purchasing decision of the Russian consumer. The theory of country image will also be tackled in order to understand another possible variant to country of origin. Wine is the third “foodstuffs” importation in Russia and France is the second wine exporter for the country. Furthermore, France has a strong reputation among Russian consumers concerning luxury goods; it was then interesting to see if France had any influence in Russian’s wine purchasing decision for instance.

To understand all the researches that have been done in the past and focus on our particular topic, the thesis is divided in five parts with three chapters, namely:

- The introduction with the study overview and the description of the research limitations, questions and objectives.

- The **first chapter** is dedicated to the literature review with the overview of different theories like Country-of-origin and Country image literature, plus a focus on Russian market and consumers.

- The **second chapter** talks about the methodology used in this research with the use of a quantitative approach and a survey in order to gather a maximum of feedbacks from Russian consumers.

- The **third chapter** focuses on the findings from the survey and on the discussion of these results.

- Conclusion of this research with potential future researches that can be done on the topic.

- List of references, tables and figures

- Appendices supporting the findings in the literature review.

CHAPTER I – THEORIES OVERVIEW

In this chapter, the literature review will be explained into details in order to understand the background of the overall research and to provide sufficient information in order to answer our research questions.

Country-of-origin theory

Over the past 50 years, numerous of researches, more than 400 peer-reviewed academic publications (*Usunier*, 2006), have been made on the effect of country-of-origin (COO) on consumers. The first research was written by *Schooler* in 1965 showing a link between COO and consumer's product evaluation. Since then, the concept has been widely research and became one of the most interesting phenomenon in marketing and consumer behavior (*Papadopoulos & Heslop*, 2002). In 1987, Tan and Farley refers the concept as « *the most researched international aspect of consumer behavior* », and, in 1995, *Peterson and Jolibert* called it « *one of the most widely studied phenoma in all the international business, marketing, and consumer behavior literatures* ».

The country of origin literature will be redrawn into general details in order to understand the evolution of country of origin conceptual framework.

Before the 21st century

The first period was between **1965 and 1982**, which shows researches using single cue factor. This was interesting at the beginning in order to discover the phenomena and push other researchers to investigate this marketing aspect.

The first study was written by *Schooler* (1965) who deduced that the country of origin of a product could have an influence on the consumer's perception of a product. This study was led with a group of Guatemala students who evaluated the products from El Salvador and Costa Rica more negatively than domestic products. Even though *Schooler* found an effect on consumer's perceptions, he did not explore into details the reasons of this effect.
In 1966, Reierson who studied a group of American student who needed to give their feedbacks

on several products from different countries led a similar study in the United States.
In 1969, an interesting discovery was made by *Schooler and Sunoo* concerning consumer's perceptions of international products by contrasting two types of labeling: regional versus national. This research proved that regional labeling rather than national ones could reduce consumer bias against less developed countries products. He took the example of « Made in Latin America » confronted to « Made in Asia ». However, this study was countered two years after by Schooler who proved that neither regional nor national labelling are more effective than another.
After focusing only on United States consumers, *Nagashima* took the place in 1970 till 1977 with a longitudinal approach in order to see the effect of COO on Japanese consumers. The researcher compared American and Japanese population and concluded that over time the image of « made in products » can be or not deteriorated. This study was also confirmed ten years later by *Papadopoulos* et al. in 1987 who stated that « made in » stereotypes can definitely change over time.
In 1974, *Dornoff et al* who wanted to see if the perception was biased or changed according to specific countries, products classes and socio-economic characteristics investigated the consumer's perception of imports. One of the conclusions of this study was that depending on the level of education, the perception of imports became different. The higher the education was, the higher the positive perception of imports was.
Four years later (1978), *Yaprak* demonstrated that general country, product attributes, and specific product attributes were affecting consumer purchasing intentions. He was the first one to illustrate the concept of country of origin with the example of US and Turkish businesses in more details after the work during the sixties.
Chasin and Jaffe (1979) used a technique of determining the country of origin effect via country's performance. This study led also to another one showing ethnocentrism with *Shimp and Sharma* in 1987.

Between **1983 and 1992**, the trend toward the country of origin effect was style growing but authors tend to use multi-attributes in their researches in order to take more examples and be more precise in their studies.

One of the main works of this country of origin literature was also the one from *Han* in 1989 who studied the impact of country's image on consumer's evaluation for Televisions and cars. The results showed that consumers tend to take into consideration country's image in the product evaluation in two ways: either when consumers do not have a lot of knowledge on the product they are buying (halo) or either when the consumers knows already country's image and product and it is just a purchase confirmation (summary construct). This study was followed one year after (1990) with another research by the same author in order to investigate the impact of country's image toward brands. When consumers are purchasing products, they are facing many decisions related to the purchase, the product and its usage.

Between **1993 and 2004**, studies tend to be more in favor of the effect country-of-origin and tried to redefine some previous theories.

Papadopoulos and Heslop were very famous at this period because of they were the first ones to really criticize the COO phenomenon. They judged the aspect too narrow and misleading because the researches have been focusing on only one place or origin whereas the product can be produced in one country and assembled in another one. In order to take into account this multidimensional features, the authors proposed the term of "product country image" (PCI). *Parameswaran and Pisharodi* (1994) continued the study on country-of-origin image with the creation of a scale, which measured three attributes of COO effect:
- General product attributes
- Specific product attributes
- General country attributes

They confirmed this study 8 years later in 2002. The term of product country image was also used and redefined in other studies like the one of *Askegaard and Ger's* in 1998.

Thakor and Kohli introduced brand of origin concept in 1996 in order to compare it to COO notion. They define the term of brand origin as "*the place, region or country to which the brand is perceived to belong by its target consumers*". According to the authors, the results showed that brand origin refers more to an inclusive concept showing more a sentiment of belonging from a country than COO theory. For example, if regions such as Nordic, Mediterranean will be mentioned, the consumers will not need to know where it comes from, this localization will be enough. *Usunier* confirmed this theory 10 years after.
During the same year, another study showed the relation with ethnocentrism. *Lantz and Loeb* used the concept of social identity theory in order to see if Canadian and American consumers will be influenced by it. The results showed that consumers were more attracted to buy local product. We also need to take into account that the product was mouse-pads, which is considered

as a low involvement product. To make it clear, a low involvement product is usually not expensive and sets a low risk to the buyer if he or she buys the product by mistake.
In 1998, *Askegaard and Ger* discussed the theory of COO linked to stereotypes. This study shows that product-country image has a significant importance on product customer evaluation. This concept of contextualized product-place image (CPPI) was a real lead in COO theory at that time because it helps to take into consideration the cultural aspect of the country.

21st century researches

Javalgi, Cutler and Winans (2001) pointed out the lack of studies concerning the impact of COO on marketing services. Most of the studies are mainly focus on tangible products rather than services. Their study covered 20 years of research.
During the same year, *Lenartowics and Roth* talked again about the within-country aspect. After the study of *Burgess and Harris* in 1999, the two authors put a real emphasis on this factor. Two years after, in 2003, *Laroche et al* pushed more this study and declared that most of the studies on COO effect were done taking into account homogenous consumers. Studies were described as cross-cultural whereas most of them could have been considered as cross-national. It raised some questionings on the fact that it could be useful to classify consumers taking into account the cultural aspect rather than nationality.
The recent studies took the COO cue in global marketing. *Quelch* stated in 2003 that globalization and powerful countries such as United States and China could affect the way that global marketing is using the COO cue toward consumers.
In 2005, *Liu and Johnson* again discussed country stereotypes aspect. They talked about the real influence of stereotypes in consumer's minds in the external environment.

Zafar et al (2004) talked about the issue concerning the impact of COO on low involvement products. They argued that if consumers do not pay attention to COO label, it is not useful for companies to spend a lot of money on developing provenance logo. The results showed that consumer paid attention to COO when buying low involvement products. Furthermore, *Martin* (2009) argued that COO can be a factor for a company to attract new customers, especially those who are not confident with what they are buying or who have little knowledge about products. On the opposite side, *Koshate-Fischer et Johannes et Hoyer* (2012) asserted that COO can also repel a customer from buying a product. They took the example of American consumers who bought only made in USA toys after a scandal, which accused toys made overseas contained

lead.
In 2005, *Pharr* stated that COO contains several dimensions like country of assembly, country of parts, etc. These dimensions can affect the purchase intentions of consumer. COO can also be a signal product quality and show to the consumer potential risks and value, which influence their purchases (Chattalas et al., 2008).
Between 2005 and 2014, researchers are looking deep into the effect of COO cues in more details and with specific products, services, etc. Some assumptions were made concerning different criteria, which can also have an influence on the perception of the COO analysis such as quality (Insch & McBride, 2004), tourism (Lee & Lockshin, 2011/ Stepchenkova, 2015), luxury (Godey, Pederzoli, Aiello, et al., 2011). According to these authors, these different attributes can be associated with a specific country and then influence the consumer purchase. For instance, if France is associated with "luxury" criterion, then people who will see France on a product will be associated with "luxury" and we be more willing to buy it. One of the recent study done by Kim M-Y and Park B. (2017) shows that the attraction effect can have a significant influence on how consumers perceive COO.

The country-of-origin literature is really broad with many contradictions in the conclusions. We can take the example of *Samli* in 1995 who stated that country of origin can be regarded as a critical information cue with an important role in accepting products in different markets all around the world. On the opposite side, we have another research suggesting that the importance of COO cue could have been exaggerated (Johansson & al, 1985).
This literature review has shown that the majority of researches concerning country of origin effect are mainly quantitative rather than qualitative.

Country image theory

After the research of Ditcher in 1962 on country-of-origin, he mentioned the fact that country image was an important criteria for products in order to be accepted by consumers. According to Roth and Romeo (1992), country image is "*the complete set of descriptive, inferential and informational beliefs about that given country*". In this same study, the authors have found that consumers are willing to buy goods that match country's image criterion. This shows that consumers make a relation between the product and the country itself. Their study focused on six product groups (watch, bicycle, leather shoe, auto, beer and crystal) in ten countries such as Japan, France, Germany, USA, England, Mexico, Spain, Ireland, Hungary and Korea. Before the Roth and Romeo's study, the literature was poorly documented. They suggested a framework in order to evaluated country image and product characteristics. We can find four dimensions[1]:

- **Innovativeness** – The use of new technology
- **Design** – Appearance, color, variety, style
- **Prestige** – Exclusivity, status, brand name reputation
- **Workmanship** – Reliability, durability, craftsmanship, manufacturing, quality

These criterions were chosen according to previous studies. We can the details in the Table of Country image dimension at the Appendix 3. The goal of this was to prove that there is a link between the image of the country and the product. For instance, when an advantage is attributed to the country then it is most likely that the same feature will be attributed to the product as well. If we take an example, design is the most important characteristic for Fashion clothing. Below, Figure 1 demonstrates when country and product match and mismatch according to country image dimensions and dimensions as product features.

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[1] Roth, Martin S. and Jean B. Romeo. (1992). Matching product category and country image perceptions: A framework for managing country-of-origin effects. Journal of International Business Studies, 23 (3), 447–97.

[2]*Gks.ru. (2018). FSSS. Population. [online] Available at:*

		COUNTRY IMAGE DIMENSIONS	
		Positive	Negative
DIMENSIONS AS PRODUCT FEATURES	Important	I Favorable Match	II Unfavorable Match
	Not Important	III Favorable Mismatch	IV Unfavorable Mismatch

Figure 1 - Country and product category dimension matches and mismatches, ***Roth & Romeo (1992)***

A consumer with a positive country image dimension and an important dimension as product feature perceives a **favorable match**. In this case, it can be useful for companies to highlight brand name in order to reflect country's image. They can also including some features of the country on the packaging in order to put more emphasis. On the opposite side, if consumers have negative country image but consider the product features as important then it will be an **unfavorable match**. In this case, companies should accentuate the characteristics of the product and not the COO aspect. It is also beneficial for companies to take into account that they should do something to improve country's image as well. Now, if we consider a positive country image but product features as not important, then, it will be defined as a **favorable mismatch**. This situation is quite tricky because even though the country is seen positively, the product is not attractive to consumers. In this case, companies should change the product category image in order to still attract consumer. Last but not least, this is the **unfavorable mismatch**. It occurs when the country is seen negatively and consumers do not attach any important on the product features. In this case, the best thing to do for brands is to ignore the COO aspect because it will not be useful at this point for attracting new customers.

Understanding these aspects can be very helpful for companies in order to improve their product strategies. These information can suggest to Marketers, for instance, to not highlight one part of the product such as COO if it seen negatively by consumers in general.

Fourteen years later, Van Pham wrote a similar study (2006) in order to combine multiple product dimensions such as prestige, design, workmanship and innovation with different product groups like casual clothes, automobiles, etc. One of the goals of the study was also to rank eighteen countries in regional trade areas. The answers were really diverse since it was during an international management meeting and respondents came from different countries and from different departments. The results were significantly different since people from different countries did not perceive COO on the same way. There were also some differences concerning COO preferences. For instance, Italy and France were highly ranked on prestige criteria for clothes but poorly ranked on the same criteria for TV sets. The conclusion of this study is that consumer preferences and stereotypes should be taken into account by companies in order to understand consumer views on products and countries.

The overall conclusion of these two studies, Roth and Romeo in 1992 and Van Pham in 2006, is that the country image is not only link to the home country of the consumer but also on the importance of product features. Taking into account this element, companies should consider the nationality of their consumers when they are selling products.

Overview of the Russian market

The following table, based on OEC data, will show a little overview of the Russian market in 2016.

Population	146,8M
Import	$180B
Export	$282B
GDP	$1.28T
GDP per Capita	$23.2K
Top exports	Crude Petroleum ($73,7B) Unspecified ($45.3B) Refined Petroleum ($45.1B) Coal Briquettes ($8.51B)
Top imports	Packaged medicaments (3.8%) Unspecified (3.7%) Other heating machinery (3.3%) Cars (3.3%)

Top import origins	Germany (11%) Belarus (5.2%) France (4.7%) Italy (4.3%)
Top export destinations	Netherlands ($29.3B) China ($28B) Germany ($21.3B) Belarus ($14.1B)

Table 1 - Russian market overview in 2016, *OEC*

With 146,8 millions[2] of inhabitants in 2017, Russia is the largest nation and the 16th[3] largest export economy in the world. Over the last five years, exportations have decreased at an annual rate of -1.89% from $506B in 2011 to $282B in 2016. As we could see in the table, the main exports are based on raw material like crude petroleum for example.

Concerning the imports, with $180B in 2016, Russia is the 22nd largest importer in the world. Unlike the exports, over the last years, the imports have been increasing at an annual rate of 2.54%, with a value from $310B in 2011 to $180B in 2016. The main import product is packaged medicament. At the end of the Thesis, there is more detail about import and export information.

Here, we will have a special focus Foodstuff importation that represents $8.48B in 2016 that is to say 4.7% of the total import.

[2] *Gks.ru. (2018). FSSS. Population. [online] Available at: http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/figures/population/?lien_externe_oui=Continue [Accessed 25 Mar. 2018].*

[3] Atlas.media.mit.edu. (2018). *OEC - Russia (RUS) Exports, Imports, and Trade Partners*. [online] Available at: https://atlas.media.mit.edu/en/profile/country/rus/ [Accessed 10 Mar. 2018].

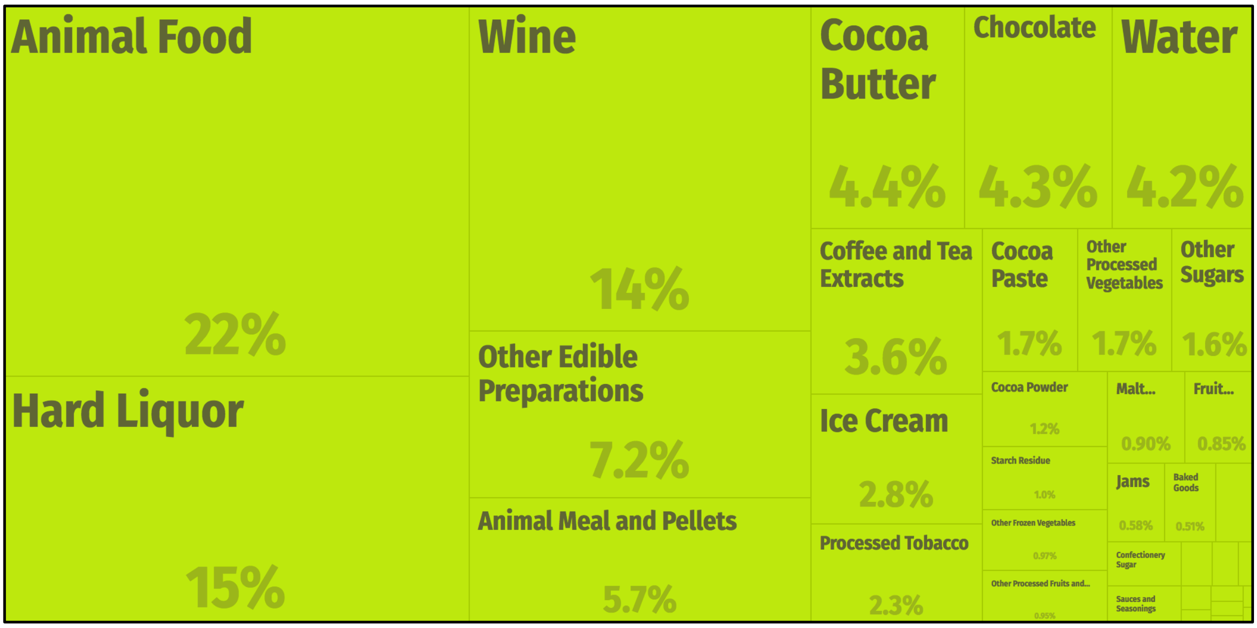

Figure 2 - Foodstuffs importation in Russia in 2016, *OEC*

As we can see above, Animal food represents 22% of the overall Foodstuffs importation. However, we can see that on the third place, wine is present with 14% of importation.

Russian wine market

A part of the results from *Marketline Industry Profile*[4] in 2016 will be shown in order to describe the Wine market in Russia. The following table is a shortcut version of the results of August 2017's *Marketline* report.

Market value	$10,523.1 million (Growth of 3.6%)
Market value forecast (for 2021)	$12,663.9 million (An increase of 20.3% since 2016)
Market volume	1,159.9 million liters (Growth of 2%)
Market volume forecast (for 2021)	1,626 million liters (An increase of 40.2% since 2016)
Category segmentation	- Sparkling wine (49.3%)

[4] Market line Industry profile

	- Still wine (46.6%) - Fortified wine (4.1%)
Geography segmentation	7.5% -> value of Russia in European wine market
Market share	*Slaviansky Rpk Zao* -> leading player
Market rivalry	Moderatly fragmented

Table 2 - Wine in Russia in August 2017, *Marketline*

The Russian wine market counted revenue of $10,523.1 million in 2016 with a compound annual growth rate of 3.3% between 2012 and 2016's period. Comparing to other countries like Poland (9%), Russia has a low CAGR. Over the past six years, the wine market in Russia achieved a moderate growth. The reason of this moderate growth is due to the economic challenges, which drag consumer purchasing power to a low level. In order to favor local wine producers, Russian government put a law in 2016, which set up a legal retail price for sparling wine.
In Russia, sparkling wine is the biggest segment, 49.3%, followed by still wine (46.6%) and fortified wine (4.1%). The leading distributors are Hypermarket and supermarkets, which account for 52% followed by Food and drinks specialist (23%), convenience stores (11.8%), etc.

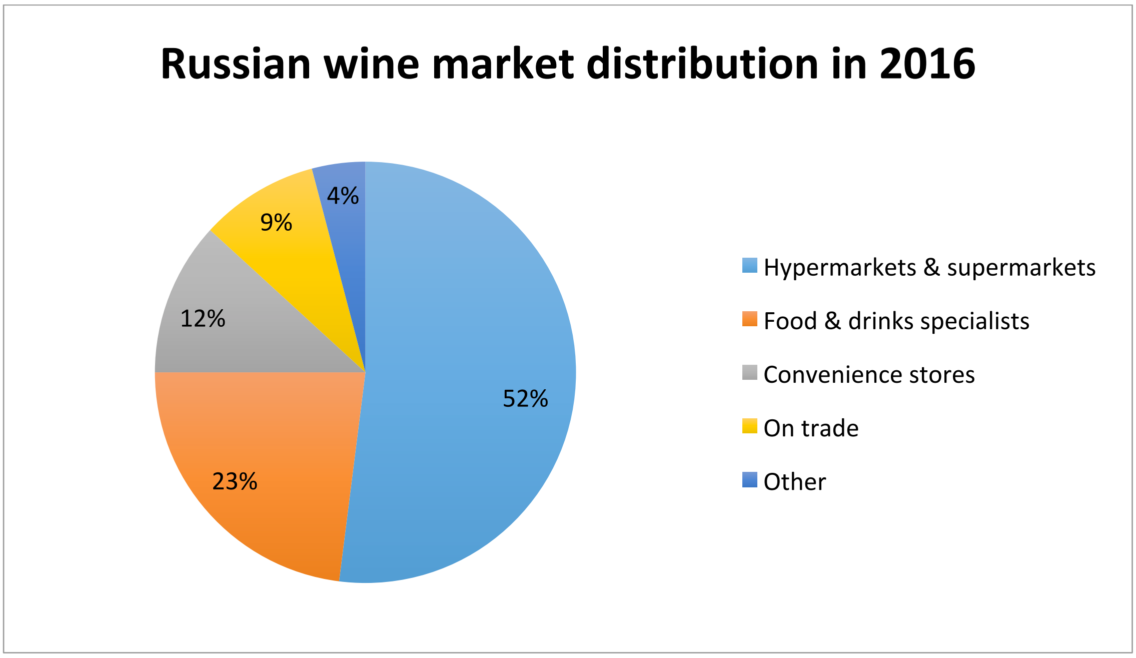

Figure 3 - Russian wine market distribution in 2016, *Marketline*

The fact that hypermarket and supermarkets give plenty of choices to consumers, it strengthens

buyer power. Furthermore, wine producers can be distinguished in stores according to their origins, style, etc. allowing the consumer to choose what he or she wants according to his or her preferences.
The wine market is expected to grow in Russia between 2016 and 2021. The forecasting shows a rise of CAGR to 7% between 2016 and 2021 for the market volume accounting for 1.626 million liters.

Russia imports wine from several countries such as:
- Italy (29%)
- France (18%)
- Spain (18%)
- Georgia (14%)
- Chile (4.3%), etc.

As we can see, France is on the 2nd position with 18% of imports accounting for $133 million.

Russian consumer profile

Russian consumers are really attached to brands, quality of the products they are buying and also life span. They are more attractive to special offers rather than price. A study done by Nielsen in 2013 on "*How to win with the Russian Shopper*"[5] demonstrates that ¾ of Russians are interested in trying new products. This is interesting because even though Russia is getting through an economic crisis, consumers are still willing to take into consideration new products. However, since Russian consumers shows strong brand loyalty, most of them already know what they will buy when they are going for grocery shopping. This let a little door to manufacturer to attract people to buy new products. Due to financial crisis, private consumption fell by 7.1% according to Nielsen study. Since consumers need to adapt to this new reality, they became more selective in their purchase.

The medium age of Russian population is 39.6, showing relatively young consumers. However, the lack of trust of financial system is dragging Russian consumers to not save much money.

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[5] Nielsen.com (2013). *How to Win With the Russian Shopper*. [online] Nielsen.com. Available at: http://www.nielsen.com/us/en/insights/news/2013/how-to-win-with-the-russian-shopper.html [Accessed 18 Mar. 2018].

According to Santander Russian consumer profile[6], they spend more than 80% of their income. Furthermore, shopping is not a pastime for them but it is more perceived as a constraint. Only 16% of Russians consider shopping as a pleasant time compared to 26% globally. Family is an important value in Russia and most of the time; consumers are shopping for their family (53% of them, compared to 45% globally). This can also show that 65% of Russian consumers see shopping as an unavoidable task.

In Russia, we count 73% of the population who live in urban area, which represents 85 of the Russian purchasing power. The middle class includes 25 millions of people, which is 80% of country's demand. Russian tends to be more and more open to the world and consumers like Western way of life.

The financial crisis has been changing Russian consumer's mentalities, pushing them to adapt to the actual economic situation. Russian consumers are becoming more selective and take more time to select products that they need. According to the McKinsey Russia consumer sentiment survey[7], which was done in September 2016 with 1,000 respondents, 57% of consumers replied that they shop around in order to get the best deals. However, they are not willing to give up their favorite products. They are just buying those in a smaller quantity. As said in the survey, only 17% of Russian consumers said that they give up their favorite products to switch to a cheaper alternative. As it is also shown in *Russian Consumer in the New Economic environment* [8]study by Nielsen.com in 2015, there are some interesting results to analyze. Theses following questions have been done in August 2014 and December 2014 in order to compare the results of both periods.

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[6] Santander.com (2017). *Reaching the Russian consumer - Santandertrade.com*. [online] Available at: https://en.portal.santandertrade.com/analyse-markets/russia/reaching-the-consumers [Accessed 15 Mar. 2018].

[7] Bogod D. and Sukharevsky A. (2018). *A new reality for the Russian consumer industry*. [online] Available at: https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/a-new-reality-for-the-russian-consumer-industry [Accessed 15 Mar. 2018].

[8] Nielsen.com (2013). *Russian Consumers Brace for Austerity*. [online] Nielsen.com. Available at: http://www.nielsen.com/us/en/insights/news/2015/russian-consumers-brace-for-austerity.html [Accessed 20 Mar. 2018].

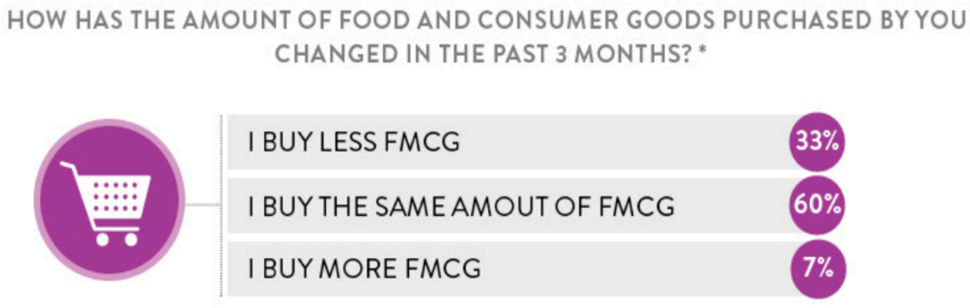

Figure 4 - The amount of Food and consumer goods purchased in 2014, Nielsen

The first question deals with the amount of purchased food. As we can, 60% of consumers still buy the same amount of product whereas 33% buy less food products.

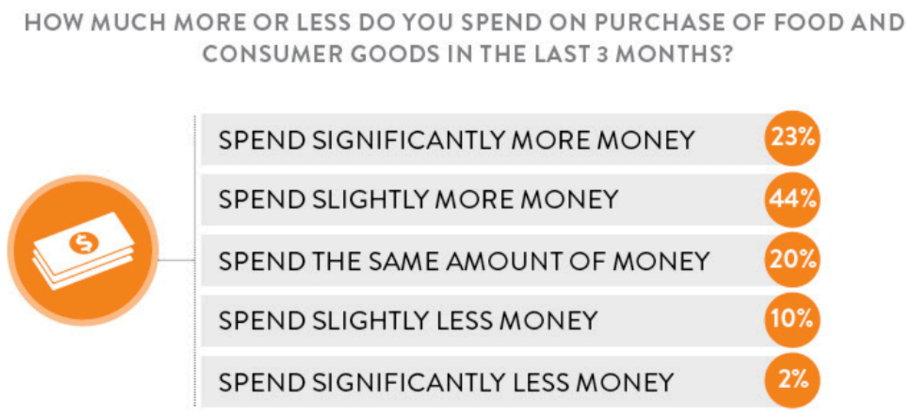

Figure 5 - Spending on Food purchase in 2014, Nielsen

The second question of the survey is about the spending on purchase food and consumer goods. As we can see, the results are more divided than the previous question. Here, 44% of Russian consumers spend **more** money on food purchasing and consumer goods whereas 23% spend **significantly more** money and 20% spend the **same amount** of money. We also need to take into account that this does not necessarily show that people are willing to give up more money but also that products can be more expensive than before.

Figure 6 - Are people more thrifty in 2014, Nielsen

Third question shows if Russian consumers are thriftier or not. We can see that 50% of them answered, "probably yes" to the question. It shows that people are more careful about their money. Followed by the answer of "definitely yes" for 28% and "probably no" for 20%. Considering the previous answers, we could have though that people would answer to the third question "probably no" or "definitely no" since they are spending more money in Food products. However, it shows that the tendency could be that Food and consumer goods are more expensive than before since the majority of consumers are buying the same amount of product and are thriftier.

Research focus

Research questions and hypotheses

This part will talk about the hypotheses that will be tested in this research. The previous part was to introduce the literature review in order to understand the main concepts. **Three research questions** can be made based on the literature that was explained previously.

- Do Russian consumers pay attention to the origin of a product when they are buying?
- Does a positive image of France influence the evaluation of French products by Russian consumers?
- Do socio-demographics criteria like age and education influence Russian consumer's purchase?

In order to answer these research questions, four hypotheses were deduced from the literature review and tested with a group of Russian respondents. To get a specific focus on each of them, the researches were gather in order to get a better understanding of each formulated hypothesis.

Even though COO literature is wide, as we discussed previously, many contradictions are mentioned to question the fairness of COO effect on consumers. Recent researches (*Liefeld* in 1993/2004, *Paswan & Sharma* in 2004*, Shimp, Sharma & Samiee* in 2005, *Hennebichler* in 2007, etc.) have proven that COO is not a criterion that influences consumers in their choice.
In 2004, *Liefeld* wrote a research, *Consumer knowledge and use of country-of-origin information at the point of purchase*, revealing consumer knowledge of the country of origin of the products they are buying. The result of this research shows that more than 93% of the respondents (1,248 in total) did not acquire while shopping or did not know the COO of the products that they are buying. Out of the questioned consumers, only 91 of them, that is to say 6.5%, knew the country of origin of their products and only 27 of them (2.2%) said that the COO of the products they bought could have influence their choice during product selection. This study shows that a great majority of North American consumers are not taking into account COO features during their purchase.
After more than 700 country of origin product researches (COOP), only few studies concluded that COOP has a real impact on consumers and consumer's choices.
Furthermore, *Balabanis and Diamantopoulos* (2008) demonstrate the ability of consumers to classify different brands, in a specific category, according to their COO. The result of this study showed that none of the respondents were capable of identifying the COO of all the brands and only 4 respondents (2.1% of the total) were able to identify the COO of 9 brands. Overall, the capacity of UK consumers to identify brand origin is not only limited but also reveals that some brands are not classify according to their home country but to different ones. *Balabanis and Diamantopoulos* showed that ethnocentrism could also interfere in consumer's choice as well as sociodemographic factors.
3 years later, in 2011, the same authors did a research on the impact of brand origin misclassification and the impact that it could have on consumer's purchase intentions.
In 2016, the same authors did another research on consumer xenocentrsim and confirmed one more time, taking the example of Chinese manufacturer, that COO does not influence consumer's choice.

Therefore, according to these previous studies, we can conclude that depending on the methodology and the country used by the authors, the results may vary. That is why, I suggested a first hypothesis for this research on the fact that Russian consumer will not necessarily take into account or look at COO information.

H1: Country of origin does not impact Russian consumers when they are buying French wine

Over the past 40 years, *Papadopoulos and Heslop* (2002) reported more than 700 studies on product country image. Various studies (*Eroglu and Machleit* in 1988, *Roth and Romero* in 1992, *Liefeld* in 1993, Ahmed et al. in 2004, *Laroche et al.* in 2005, etc.) showed that country image could possibly influence consumer.

Chao (1989) suggested that consumers that are not familiar with a product tend to follow their instincts according to the country image that they have. For instance, a consumer who does not know a product but knows the country and evaluates it positively, will be willing to buy this product overall.

In 1993, *Liefeld* wrote a Meta analysis considering the fact that country image has an influence on consumer's evaluation for product quality, risk, likehood purchase, etc. Before this study, *Roth and Romero* (1992) wrote a major study on country image theme as we previously talked in the literature review. Since COO theories are vast, the authors wanted to investigate the perception of consumers when they are buying product from a specific country. They designed a framework in order to evaluate country image dimensions and dimensions as product features. This can be used by Managers to differentiate customers in their purchasing intentions.

In 2006, *Jaffe and Nebenzahl* presented the characteristics of country image construct:

- Country's image can be defined as excellent comparing to other country's images in **some characteristics** but not in all. For example, a country image can have a positive image in term of design or quality but negative opinion on price-to-quality ratio.

- Country's image can change according to **product categories**. For instance, a product in category A, the country will be seen positively whereas in category B country's image will be weaker.

- Country's image is **improving constantly**. A consumer can have his or her opinion on her country and will be tempted to buy more product than another because he or she has already an opinion on the given country. However, this perception can change according to the exposure of products from this country in particular.

We can conclude from this study that country image is evaluated and modified by the consumer. Overall, we can see here and in the theory part that even though country image researches explain that it cans influences consumer's choices, it is not very clear. That is why, the following hypothesis will be given in order to see how Russian consumers can react with French products:

H2: A more positive evaluation of French products is made by consumers who selected France as their favorite wine producing country

As we said previously, COO literature is pretty broad, some studies stated that evaluation of foreign products can also vary according to socio-demographic characteristics such as age, education, income, international experience, gender, etc. (*Schooler* in 1971, *Klein et al*. in 1998, *Usunier* in 2000, *Chryssochoidis et al* in 2007, etc.).

Schooler (1971) claimed that young consumers evaluate foreign goods more positively than do older consumer. Tongberg (1972) supported this finding one-year after, announcing that young consumers reacted differently toward foreign products than old consumers.

Young consumers are also more cosmopolite in their tastes and views, which will lead to the acceptance of foreign products more easily (Bannister and Saunders, 1978).

Another study written by *Wall and Heslop in 1986* among Canadian consumers showed that age, gender, education and income influence country image and the evaluation of products. The authors saw that older people and men show cynicism during the experience.

A study in the luxury goods environment written in 1996 (*Neese and Hult*) also shown the fact that young consumers are more willing to buy imported foreign luxury products whereas older consumers tend to favor local luxury market.

Also, while examining Greek consumer behaviors, *Chryssochoidis et al* (2007) found out that consumers, below the age of 35, are less ethnocentric compared to older people. This phenomenon can be explained by the fact that young consumers are more familiar to foreign countries and are less biased when evaluating a product.

After this multiple theories concerning age, we can make the following hypothesis:

H3: Young consumers are more influenced by the country-of-origin of wine than other consumers

Wall and Heslop (1986) also suggested that consumers with higher education and high income perceived foreign products more positively than people with low background and income. According to the authors, more educated consumers tend to be less conservative than the others. However, on the opposite side, *Han* (1988) refuted this finding and declared that education does not have any influence on consumer evaluation of foreign products. *Anderson and Cunningham* (1972) also suggested that foreign products are evaluated more positively by consumers with a higher education.

Another study showed that consumers with higher education were more favorable to imported products in their country whereas consumer with no college experience perceived imported product negatively (*Paswan and Sharma*, 2004). Consumers with no education or low background tend to favor local products instead of foreign ones (*Neese and Hult*, 1996).

After different approaches, we can suggest the following hypothesis:

H4: Consumers who are willing to buy foreign products have higher education than those who are willing to buy domestic ones

Research gap

The **main research gap** in this thesis is that there is no research for the Russian country concerning the country of origin theory. Even though the literature is large, Russia was not studied.

Summary

This first chapter was a good opportunity to discover the main theories, which underline the ***main goal*** of this thesis, which is to understand if, COO has an influence on Russian consumer purchase. To recall, the ***main research question*** of the paper is "Does country-of-origin have an influence on Russian consumer' purchasing decisions? ». There was a focus on the overall literature of country-of-origin done through the years before and after the 21st century. This literature is really dense because a lot of researches have been done over the past 53 years but also vague in the sense that each of the authors has his or her own way of thinking and of approaching the COO theory. Each study has been done considering one country specifically or one type of consumer or one factor in particular leading to different answers and conclusions all the time. However, we can find some shared opinions, which make the COO understanding easier. The ***main research gap*** is the lack of studies for the Russian market.

After these theories, a link with country image, which is really close to country-of-origin theory, was mentioned in order to see and understand if the image of a country can influence the consumer in his or her choice. This was also interesting to discover different approaches and see the model of Roth and Romero (1992), which was clear and still applicable in the 21st century.

Our third point in the literature review was dedicated to Russia. This part was dedicated to discover Russian country overall with its export and imports. This was also beneficial to see how the Russian market is working with foreign countries. It was also a good way to see the importance of the wine market and to understand the Russian consumer profile.

Last but not least, the last section was dedicated to the hypotheses. Even though the theory was done before, it was necessary to get a precise focus on each hypothesis in order to understand the distinctive characteristics for each of them. To recall, these are the ***5 hypotheses*** in the research:

- **H1: Country of origin does not impact Russian consumers when they are buying French wine**
- **H2: A more positive evaluation of French products is made by consumers who selected France as their favorite wine producing country**
- **H3: Young consumers are more influenced by the country-of-origin of wine than other consumers**
- **H4: Consumers who are willing to buy foreign products have higher education than those who are willing to buy the domestic ones**

CHAPTER II - METHODOLOGY

In this chapter, the research methodology for this thesis will be explained in more details. Firstly, the reason why the quantitative research was used and its benefits will be approach. Secondly, the design of the survey will be mentioned. Lastly, the sampling and data collection will be examined more in details.

The main goal here is to gather more precise information on the effect of country-of-origin on Russian consumers purchasing behavior for French wine.

Due to the limited data for the Russian market, the quantitative analysis was the most suitable process to answer to the research question more precisely and get a bigger picture.

The research design will be based on the analysis of the primary data collection and on the quantitative data.

Quantitative research

The quantitative research method was the most suitable technique to use for this research since not a lot of data was available for the Russian market. Examples of quantitative research methods are the correlation analysis and one-way ANOVA that can be used in order to prove our results (*Nummenmaa*, 2008). The advantage of quantitative research is that there is an opportunity to evaluate respondent's behaviors, motivations and attitudes. Furthermore, the socio-demographic criteria such as age, gender, education, etc. can be useful for the study for a deeper analysis and see the difference between groups (*Nummenmaa*, 2008). Quantitative research is also easy to administrate, gather a lot of informations, allows data analysis and straightforward interpretations (*Malhotra & Birks*, 2006).

Design of the research

For this quantitative research, the self-completion questionnaire or also named, self-administrated, was taken in order to collect relevant data for country-of-origin effect among

Russian consumers. A self-completion survey means that the respondents are answering the survey by themselves without any external help (*Bryman and Bell*, 2015). This type of questionnaire has numerous advantages comparing to structured interviews for instance. *Bryman and Bell* listed advantages and disadvantages:

Advantages	**Disadvantages**
Cost efficient	Low response rate
Few questions -> easy to answer	More risk to miss some data
Design easy-to-follow	If respondents have a problem, no-one can help them
Can be distributed to a big amount of people at the same time	Absence to collect additional data
Convenient for respondents –> can do it everywhere and at the time they want	If there are too much questions, the respondents will get tired to answer

Table 3 - Advantages and disadvantages of a survey, *Bryman & Bell* (2015)

These advantages and drawbacks should be taken into account before beginning a research in order to evaluate the best method to use.

The survey was created according to the literature review and also to answer the research questions. Moreover, it was divided in three categories in order to be easier to complete and to read (*Bryman and Bell*, 2007). Creating a survey on an online platform like *Googleforms* allows getting the data ready according to each category.

As said previously, the survey is divided in three parts:

- The **first part** consists of the **consumer profile**. This socio-demographic information is crucial for the understanding of consumer choice that is why it was the first part of the survey. In this part, the socio-demographic criteria were composed of gender, age, education level and average income.

- The **second part** was dedicated to understand the **purchasing wine habits** of the consumer. It is also an important part to understand what consumer are looking for when they are buying wine with the frequency of wine purchase, the important aspect to consider when buying wine, the favorite country of purchase. Overall, this part was more dedicated to see if country-of-origin was an important criterion that consumers take into account when buying wine for instance.

- The **third part** focuses on **France image** among consumers. This was important in order to see how consumers see France as a country and to define their influence in the purchases. We could find the evaluation of French products as a whole, French wine, if consumers have been to France and if Russian consumers still buy Russian products overall.

As we can see, the second and the third parts are dedicated to the theory part in order to see if there is any relation between country-of-origin, country-image among and Russian consumers.

The survey was designed in English (Appendix 1) and distributed through an online survey platform, which is *Googleforms*. Before sending the survey on social media and by mail, it was approved by a Marketing research Analyst working in a renowned company for survey design, *Jetbrains*. Her feedbacks were really important in order to gather all the information that I needed for my Thesis. Furthermore, she gave me numerous of advices in order to get a maximum of answers and to have a survey of quality.

The questionnaire was then sent with an explanation of the purpose of this study. Furthermore, the use of VK and Telegram was definitely on purpose because the target was Russian consumers and these two social media platforms are really popular in the country.

Sampling procedure and data collection

The relevant information of the study can only be relevant with the use of a sample who will represent the population; "the entire group of people … of interest for which a researcher wants to make inferences" (*Sekaran & Bougie*, 2013). A sample is usually a small part of the population selected randomly. In order to respect this criterion and ensure that it could be representative for the overall population, a convenience sampling was chosen. This method ensures the objectivity and credibility of the research. Furthermore, the main characteristic of this procedure is that respondents are selected because of their convenient accessibility (*Hair et al*, 2011). Here, I sent mail to social media like Facebook but also VK and Telegram, which are very popular in Russia. I got also the opportunity to share this survey with the students of my University who helped me a lot. This sampling method was also used in different country-of-origin researches like the ones of *Cai et al.* in 2004, *Biswas et al.* in 2011, etc. Student respondents can be use in social science researches since the demographic and educations are homogenous among students (Peterson, 2001). Several studies on country of origin effect used also student respondents in their researches such as *Cai et al.* (2004), *Aiello et al.* (2009), *Biswas et al.* (2011), etc. This was important to know in order to not get wrong information. However, *Hair et al.* (2011) argues that some bias can be encountered in the study since it is exclusively only students and it does not represent the whole population.

To work more effectively, we also used Purposeful-sampling procedures in order to get the correct information. Therefore, Russian people who are at least 18, since the minimum age to consume alcohol legally in Russia is 18 years old, could only answer the survey.

For this research only Russian consumers were necessary since we are analyzing Russian consumer comportments towards foreign products.

The data collection was undertaken between March 2018 and April 2018. Since it was an online survey, every respondent receive the same questionnaire. The data was accessible online directly and divided by category like the questions. As we said before, the questionnaire was tested before by a Professional in order to detect any mistake and see what could be improved.

Hypothesis testing

Since the study is based on a quantitative research with a survey, some hypotheses have been made in order to understand the country of origin phenomena inside the Russian country.

Testing a hypothesis means that we need to test a projection about a targeted population with a β defining the information in the sample. There is a need to gather enough data in order to prove that a hypothesis can be true or not. We can test in the hypothesis if there is a relation between X and Y. In this case, we will see if the β is different from zero (null hypothesis). For instance, if β is zero, then there is no relationship between X and Y. Here we can see:

H_0: $\beta = 0$

H_1: $\beta \neq 0$

When we are testing hypothesis, the null hypothesis can be rejected or not rejected. If the

hypothesis is rejected, it means that β is statistically significant. We can also look at the *p-value* and in this case the null hypothesis is rejected if the *p-value* is lower than the significant value that was defined at the beginning of the analysis (*Westerlund*, 2005).
Usually, the more often-used significance level are 10%, 5% and 1%. It means that the null hypothesis will be rejected if p-value is inferior to 0,10, etc. In our case, we took **5% as the level of significance** in order to prove our hypotheses.

In our research, we will demonstrate our hypothesis via the following statistic method: descriptive statistic, unpaired t-test and Fisher exact test.

Unpaired T test is used in order to compare the means of two different groups and see if there is any correlation between them (*Levine et al.,* 2011). In this case, there will be a null hypothesis, which shows that there is no difference between the two groups and an alternative hypothesis, which shows that the means are different between the two groups. Since we do not have equal sample size, we need to take unpaired t-test.

Fisher exact test is used in order to compare two nominal variables and see if the proportions are different between these two variables. Like other tests of independence, Fisher test supposed that the observations are independent meaning that there is no relation between the variables.

Summary

The second chapter is dedicated to the methodology part, which helps to understand how the study is working and how we are going to get results.

It describes the primary research methodology with a quantitative analysis. A self-completion survey was chosen in order to get the maximum of response about the influence of country-of-origin and country image. Furthermore, this survey helps to get socio-demographics information of the respondents, which can help to see if there is any link between the theories as well.

The research design of this thesis is based on a maximum of primary, which is expected to be around 100-130 answers to the survey. In order to answer our research questions, four hypotheses were made in order to answer them. We selected the methods of descriptive statistics, T-test and Fisher test in order to prove the hypotheses and see if there is any relation between the theories.

The independent and dependent variables have been chosen. The dependent variable is the purchasing decision of Russian consumer. According to this variable we will see if independent variables like COO, Country image, age, education, have any impact on it.

CHAPTER III - FINDINGS

Based on the previous researches, this part will focus on answering the research questions of this thesis and demonstrate the results of the formulated hypothesis.

It will be divided in four parts, in order to discover the profile of all the respondents, to explain the results of each hypothesis and to see further results that could be useful for this thesis and further researches. The parts are the following:

- Overview of the respondent profile
- The importance of country of origin criterion
- Country image of France
- The influence of sociodemographic factors

Overview of the respondent profile

The survey was conducted online through Google form's platform. As it was previously stated, the survey was designed in English with a total of 13 questions (see *Appendix 1*). In total, the survey received **113 answers**.

Out of these answers, we got 68% of women answering and 32% of men. Just to remember, all the respondents are Russians.

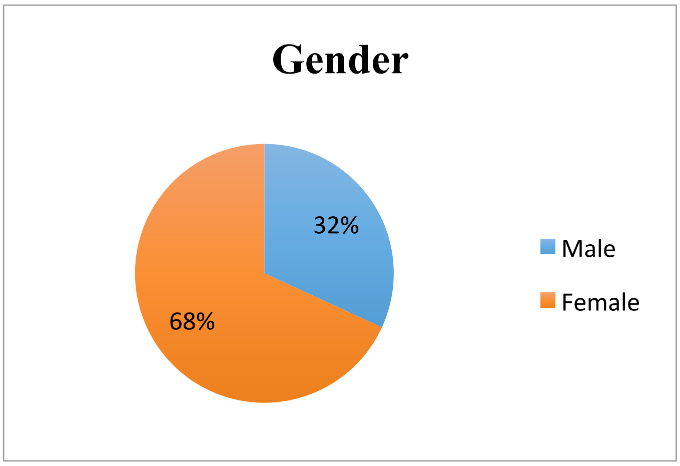

Figure 7 - Gender of the respondents

The majority of the respondents (65%) were between 21 and 29 years old. 19% were between 30 and 39 years old and 15% between 40 and 49. The fact that the big majority of respondents are young can be due to the fact that the survey was distributed among social medias like *VKontakte* and *Facebook*. There was only one person who was between 18 and 20 year. The reason of that can be that wine is more considered as a drink that you will take time to discover and appreciate during a meal instead of an alcohol that you can take for cocktails, etc.

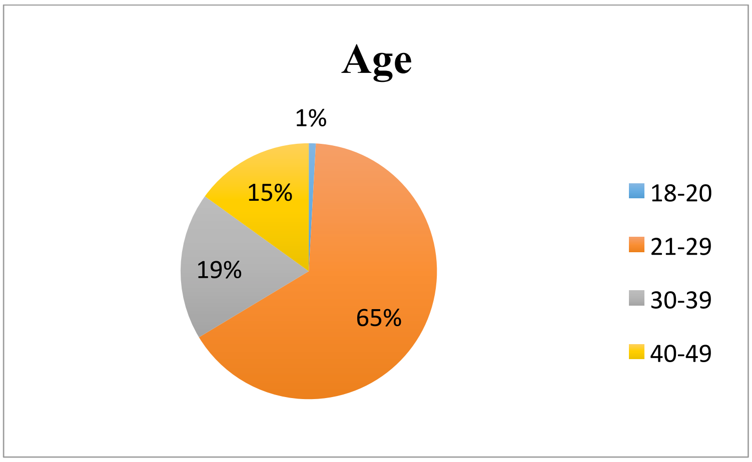

Figure 8 - Age of the respondents

During the survey, the respondents were also asked to specify their highest education, and, surprisingly, 83% of them were at a graduate level. This can be due to the fact that the majority of the respondents were students from the university where I am studying. We can see that only 17% have a college level. In the survey, respondents had the opportunity to also choose between Elementary level and High school level of education. However, none of them were in this category showing middle to high level of education in the respondent population.

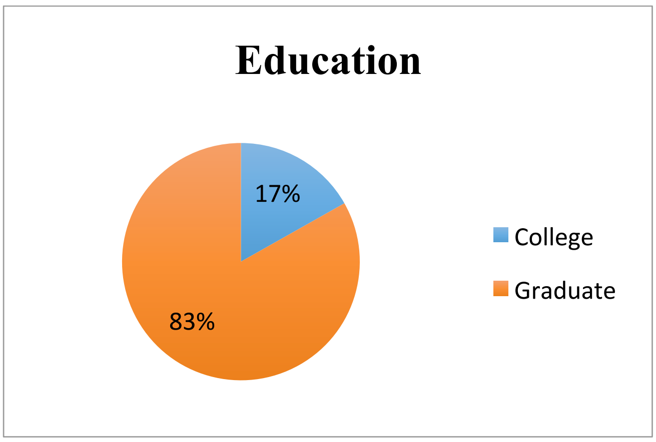

Figure 9 - Highest education of the respondents

Respondents were also asked to specify their monthly income (after taxes). This question was not mandatory since it can be really personal and not everyone is willing to share this information. However, all the respondents answered to this question. The results were more fragmented than the previous ones with 32% of the respondents earning between RUB21000-50000 per month (after taxes), which represents between \$340 and \$810[9] (according to the exchange rate on the 23/04/2018, 1 USD = 61,7 RUB). According to the *Tradingeconomics* website, this value can be qualified as "high" in Russia since we considered that the Gross Domestic product per capita in Russia averaged 8713.78 USD yearly between 1989 and 2016[10] (see *Appendix 4*). Close by, there are 29% of the respondents who earns between RUB51000 and RUB80000, which represents between \$826,6 and \$1296,6. 16% earns more than RUB100 000 (more than \$1620,7). 12% earns less than RUB20000 and the last 11% between RUB81000 and RUB100000.

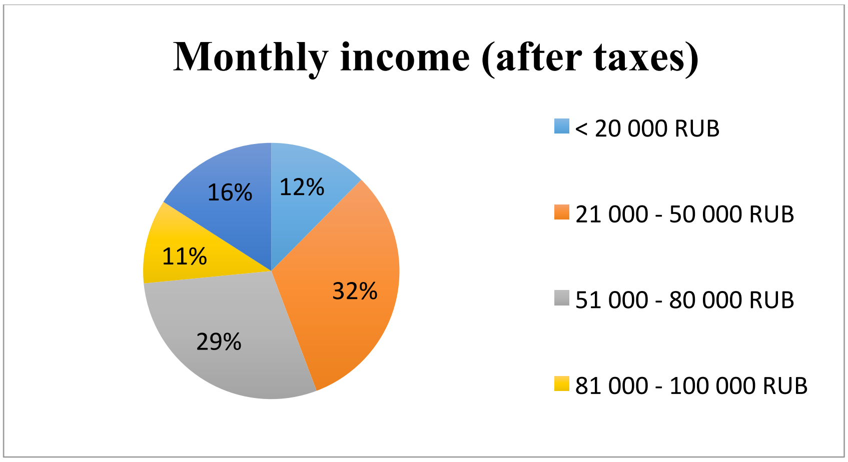

Figure 10 - Monthly income (after taxes) of the respondents

Last but not least, since the study is focus on French wine, the need to evaluate the purchasing habits of the respondents was important. The results showed that 41% of the respondents are buying at least once per month. Close to this result, we can see that 40% are buying wine less than once a month. More interestingly, 18% are buying wine once a week and only one respondent answered that he or she is buying wine twice a week. These results show that the

[9] Xe.com. (2018). *XE: Convert RUB/USD. Russia Ruble to United States Dollar*. [online] Available at: https://www.xe.com/currencyconverter/convert/?Amount=1&From=RUB&To=USD [Accessed 23 Apr. 2018].

[10] Tradingeconomics.com. (2018). *Russia GDP per capita | 1989-2018 | Data | Chart | Calendar | Forecast*. [online] Available at: https://tradingeconomics.com/russia/gdp-per-capita [Accessed 23 Apr. 2018].

respondents have knowledge about the wine market, which is in favor of our study.

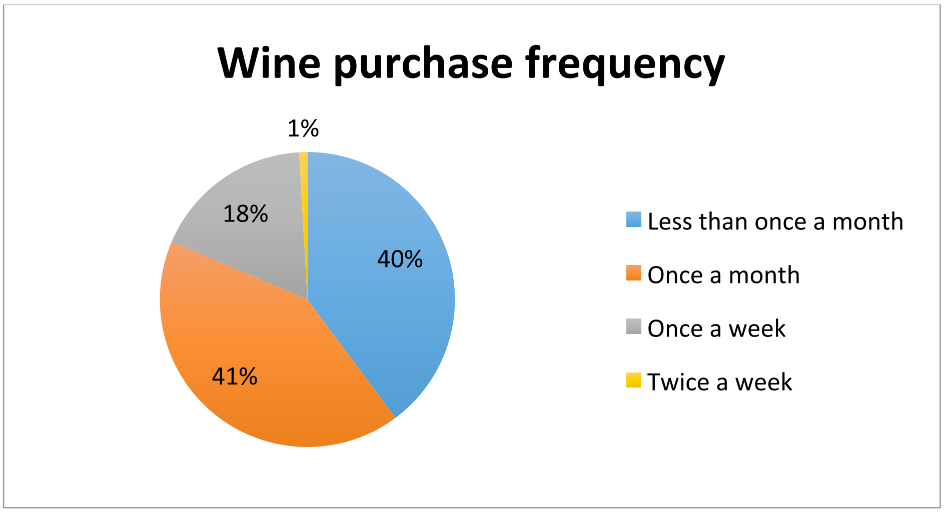

Figure 11 - Wine purchase frequency of the respondents

Overall, we can see that 65% respondents are relatively young, between 21 and 29 years old and the majority, 68%, are women. The level of education is split between college and graduate level for the majority, 83%. Furthermore, the monthly income (after taxes) is pretty high, according to the Russian average GDP, because 32% of the respondents earn between RUB 21000 and RUB50000. Finally, more than 41% showed interest in wine since they are buying at least the spirit once a month.

The importance of Country-of-origin criterion

In order to see if the criterion of country of origin was important in the mind of consumers and if it was an influence in their purchases, the survey was here to highlight these points.
At first, during the survey, respondents were asked to rate on a scale of 1 to 5 (1= not important, 5= very important), the importance of the following criteria they take into consideration when they are buying wine:

- Price
- COO
- Ingredients
- Reputation
- Taste
- Year of production

- Alcohol content

According to the results, we see that depending on the factors, the respondents rate the criteria differently. If we focus on COO, we can see that 38 people consider this factor as “very important”, 34 consider it as “fairly important”, 20 as “important”, 17 as “slightly important” and 4 as “not important at all”. However, if we compare these results with the one of the “Taste” criterion, then we clearly see that the majority of the respondents (67) consider it as “very important”, showing that, here, this is the most important factor to consider. At the same place than COO criterion, price is also “very important” for 38 respondents.

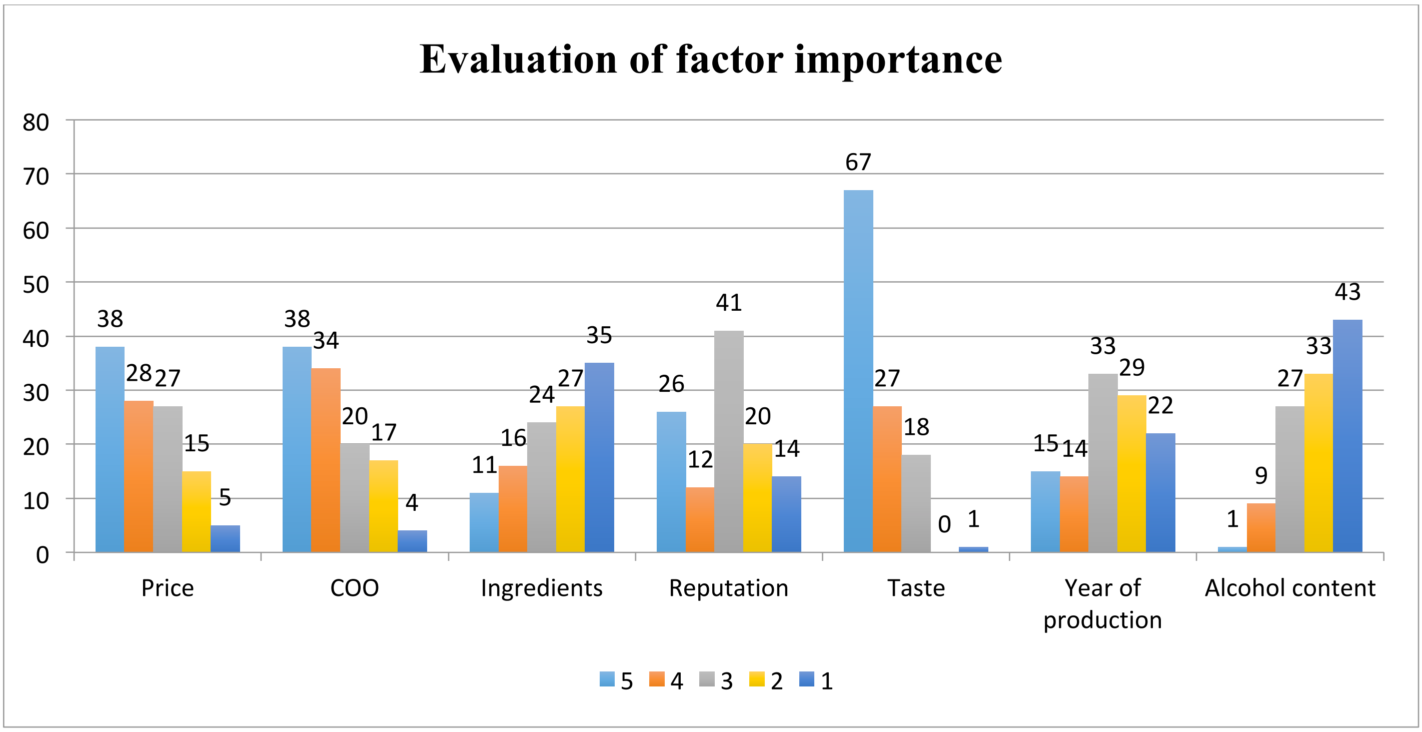

Figure 12 - Evaluation of factor importance

There was another question considering the importance of country of origin. Respondents were asked to define what was the most important aspect they take into consideration when buying wine. This question was more precise in the sense that they could only take one criterion out of the list, which makes it more difficult and more interesting at the same time. The respondents could choose between the following criteria, which were similar to the previous ones in order to not confuse them. In order to just remember them, this is the list:

- Price
- COO
- Ingredients

- Reputation
- Taste
- Year of production
- Quality

According to the results, all the criteria were mentioned except "year of production". The first most important aspect that respondents take into consideration is the taste at 37% (42 respondents). The second criterion is the price at 27% followed in the third place by country of origin with 18%, which represents 20 respondents. Even though, taste is a subjective criterion, the second place is taken by the price.

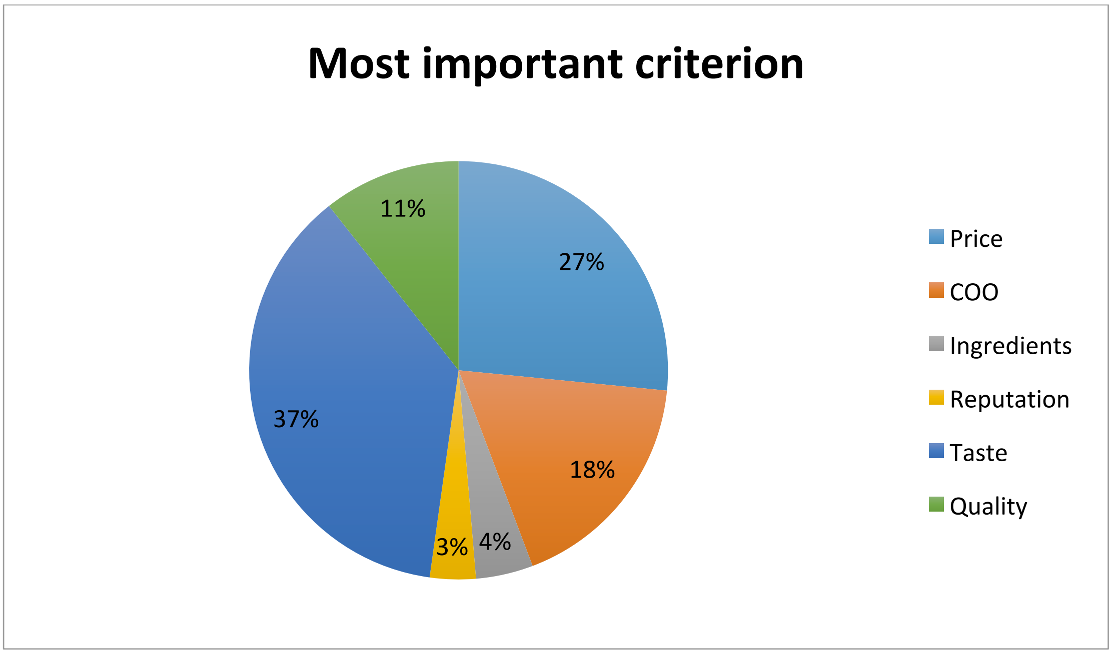

Figure 13 - Most important criterion by the respondents

Here, we can conclude that country of origin is present in the mind of consumers when they are buying wine, however, this is not the most important criterion that take into consideration when choosing the product.

We can then **confirm the H1 hypothesis**, which was: Country of origin does not impact Russian consumer when they are buying French wine.

We can link this result with the findings of *Liefeld* who shows in 2004 that in a survey of 1,248 respondents, only 2,2% of them, which represents only 27, said that country of origin criterion could have an influence on their purchase. This is even more interesting since we know that the number of respondents for his study is ten times more important. As a reminder, the study was conducted in North America. The results can also be surprising in the fact that the majority of respondents have relatively high income comparing to the average GDP of Russia, however, taste and price are considered more important than country of origin after all.

Country image of France

In order to evaluate France's country image, the survey was designed in order that the respondents can identify some criteria and link it to French image.

One of the first questions was to identify the favorite country for wine production. Even though, your favorite country can be France, you can have a different country that you like when talking about wine that is why this question is not directly related to French country image. However, since France is the second largest producer of wine in the world in 2016[11], after Italy, with 41,9 million of hectoliters, we can still see if France is in the mind of the respondents concerning this category.

The respondents could choose between the following options and add the country of their choice if they did not find the country they wanted:

- France
- Russia
- Italy
- USA
- Argentina
- Spain
- Australia

As we can the results are pretty diversified, however, the first favorite country for wine production is France with 31%. The second one is Spain with 20% followed closely by Italy at 19%. We can also see that 9% of the respondents did not know what to answer for this question

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[11] Karlsson, B. (2018). *The world's biggest wine producing countries in 2016, in short | BKWine Magazine |*. [online] BKWine Magazine. Available at: https://www.bkwine.com/news/worlds-biggest-wine-producing-countries-2016-short/ [Accessed 24 Apr. 2018].

since they put the answer “none”. Then, we can say that France has a good reputation for wine production since they are the second wine producer in the world but the consumers also recognize it.

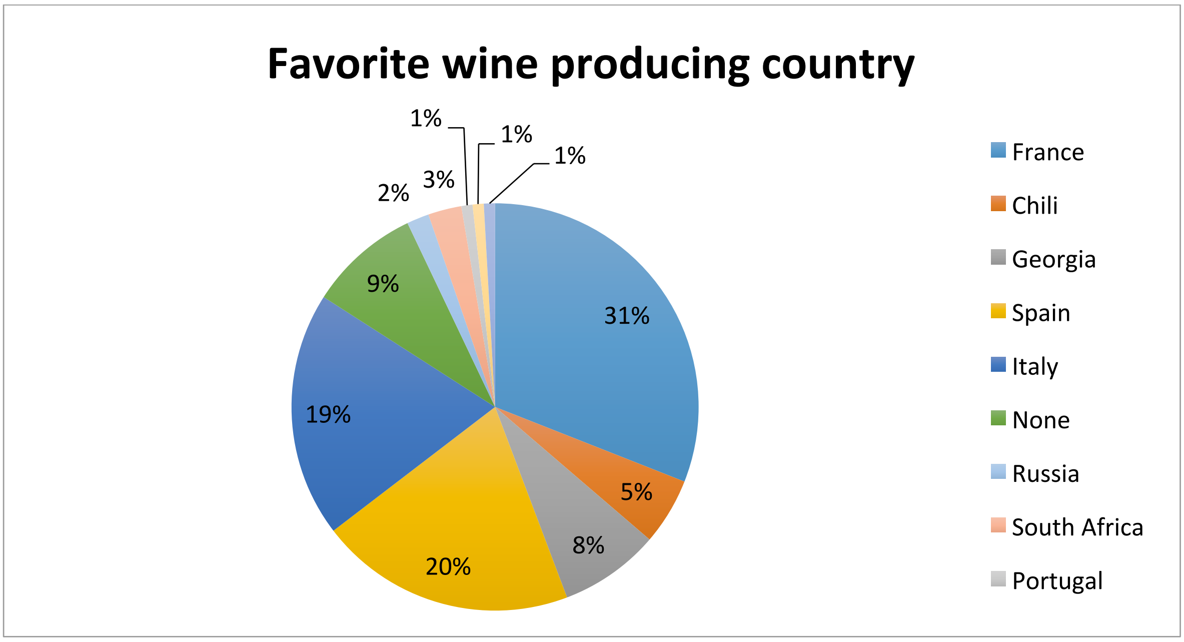

Figure 14 - Favorite wine producing country

Now, we will cross the answers with the questions of the favorite wine producing country with the evaluation of France’s country image based on the following criteria:

- Good quality
- Good reputation

In this question, the respondents were asked to rate the criteria written above in order to reflect their perception for French products overall and not only considering wine. In order to identify the results, we used **two samples unpaired T-Test**, which is also useful in order to prove our second hypothesis concerning the country image. As we can see below, these are the results of the T-test analysis, which was run in order to compare the means and see if there was any correlation.

	Good quality	**Good reputation**
France	4,73	4,65
Other	3,90	4,20
***p* value**	$1{,}7896^{-09}$	0,00038

Table 4 – Results unpaired T-Test of France country image

According to the results above, we can see that the means, which take into account France as the favorite country is higher in both cases. We need to take into consideration that each criterion was evaluated by the respondents on a scale from 1 to 5 (1= doesn't describe French products at all and 5= describes perfectly French products). We will analyze the *p* value of each case in order to see if the null hypothesis is rejected or not ir order to prove our final hypothesis. The level of significance here will be 5% meaning that if P < 0,05, then, our null hypothesis is rejected. In order to evaluate our second hypothesis, which is "Consumers with positive image of France tend to choose french products rather than products produced by other countries », we will evaluate each criteria that we mentionned before with the following null hypothesis:

H0 : means of the two groups are equal in evaluation of good quality, high social status, good reputation, expensive products and luxury

H2 : means of the two groups are not equal in evaluation of good quality, high social status, good reputation, expensive products and luxury

If we consider each case individually to analyze the p value, we can see that:

1. Respondents who selected **France as their favorite wine producing country**, they also think that **Good quality** describes perfectly French products overall since the mean is equal to 4,73, so close to 5, which is the maximum. Furthermore, we see that our p value is less than 0,5 and even less than 0,001 meaning that we **reject the null hypothesis for Good quality products** and show a high level of significance. We can conclude that Respondents who have France as their favorite wine producing country evaluate French products overall as having good quality.

2. Respondents who selected **France as their favorite wine producing country** evaluated French products overall as having **good reputation** with a mean of 4,65. Here, we can also see that *p* value is less than 0,05 and 0,001 meaning that we **reject null hypothesis** because a significant difference exists. We can conclude that Respondents who have France as their favorite wine producing country evaluate French products overall as having good reputation.

In the survey, there was also another question, which was open-ended in order to give more freedom to the respondents to express themselves. Below, there is a table, which reflects the factors mentioned by the respondents when talking about what they thought about French wine.

Factor mentioned	# mentioned	% of the sample
Taste	38	34%
Quality	30	26%
Famous	15	13%
Price	15	13%
Luxury	14	12%

Table 5 - Results of factor mentioned in open-ended question

As we can see, the factors represent what respondents think about French wine. Taste is the most popular factor reported by the respondents in the survey with 38 answers, representing 34% of the sample, with the word mentioned inside of the answer. It is closely followed by the quality factor representing 26% of the sample. The factors of the reputation (Famous) and the price were mentioned 15 times each and the luxury factor, 14 times. The price factor was most of the time (90% of the time) related to expensive showing that French wine is a certain form of prestige for the respondents.

Overall, according to our three different analyses, we can see that the results differ depending on the factors that they are using. For instance, consumers who have chosen France as their favorite wine producing country in comparison with respondents who have another favorite country will evaluate good quality and luxury factors differently. Furthermore, it does not mean that respondents who did not choose France as their favorite wine producing country will not have France as their favorite country overall.

Therefore, we **confirm** our second hypothesis, which was: a more positive evaluation of French products is made by consumers who selected France as their favorite wine producing country.

The influence of socio-demographic factors

In this thesis, a lot of theories have been evaluating the impact of sociodemographic factors on country of origin notion. However, no analysis has been done for the Russian market yet. The focus was made on two criteria: Age and Education.

Age

In the consumer profile, we saw that the majority of respondents, 65%, are young ones (between 21 and 19). The respondents had the possibility to choose between seven age categories such as:
- 18-20
- 21-29
- 30-39
- 40-49
- 50-59
- 60 or more

This question was multiple choices and not an open one in order to respect the intimacy of respondents who were maybe not willing to tell their exact age. According to the results of the survey, only one person who was between 18 and 20 answered the survey and no-one between 50-60 and more than 60 answered, so, we decided to focus only on the following age ranges: 21-29, 30-39 and 40-49.
In order to evaluate the influence of age on the impact of country of origin on consumer's purchasing decision, we did two different tests. Unpaired T test and Fisher test with two different questions. The first correlation that we wanted to analyze was between the age and the importance that give respondents to country of origin criterion when buying wine. To analyze the importance of COO, respondents were able to tell on a scale from 1 to 5 (1=not important, 5=very important) if they took COO into consideration when buying wine. For this test, we consider two groups consumers who are between 21 and 29 and consumers who are between 30 and 39. The following null hypothesis was done in order to answer our third hypothesis, which was: young consumers are more influenced by the COO of wine than old consumers:

H0: means of the two groups are equal in evaluation of country of origin criterion

H1 : means of the two groups are not equal in evaluation of country of origin criterion

	21- 29	**30 - 39**	**40 - 49**
Means	3,70	4	3,64
***p* value**		0,12	0,44

Table 6 - Influence of age

According to the results of the table above, we can see that consumers who are between 21 and 29 evaluate COO as important since the mean equals 3,70. Respondents who are between 40-49 have more or less the same judgment since the mean equals 3,64. However, old respondents who are between 30-39 consider COO as fairly important when they are buying since the mean equals 4. Considering the results, we can say that for both categories of consumers (30-39 or 40-49), p value is more than 0,05, which means that we **accept null hypothesis** since there is no significant differences between the two groups here.

Therefore, we can say that our third hypothesis **is not confirmed**, which suggested that: Young consumers, who are between 21 and 29, are more influenced by the country-of-origin of wine than other consumers.

Education

The question of education was asked during the first part of the survey in order to have more information concerning the respondent. This was a mandatory question. According to our fourth hypothesis, we want to see if people with high education tend to buy more foreign products than local ones, which are Russian. Two variables were used in order to evaluate the significance of the hypothesis, which are: the level of education and the purchase of foreign or Russian products. To measure this influence, we use the Fisher exact test since we have two nominal variables. The respondents had the opportunity to choose between the following levels of education:

- Elementary
- High school
- College

- Graduate

To evaluate our hypothesis, we will do the following null hypothesis:

H0: The lines and the columns of the table are independent

H4 : There is a link between the lines and the columns of the table

In the survey, none of the respondent answered the level of Elementary and High school that is why we only focused on College and Graduate levels. In the table below, we can find two level of education, which are Low (=College) and High (=Graduate) levels of education.

	International products	**Russian products**
Low Education	1	18
High Education	69	25
***p* value**	0,0001	

Table 7 - Education impact on purchasing decision

According to the results above, we can see that people with High education will buy more International products (69 answers, which represent more than 61% of the respondents) On the opposite side, only one respondent with low education will buy international products, the others will buy Russian products (18 answers, which represent nearly 16% of the respondents). However, we need to take into consideration that respondents with low education represent 16,8% of the total whereas respondents with high education represent 83,2% of the total. So, we can conclude that the majority of our participants have a high education.
We also see that the p value is less than 0,05 and less than 0,001, which means that we reject our null hypothesis because there is a significant difference between the two groups. To conclude, we can say that there is a relation between the level of education of the respondents and his or her purchasing decision. Therefor, we can say here that respondents with high education tend to buy more international products than the ones with low education.
In order to confirm the influence of education in consumer's purchase, simple statistics are done in order to understand this phenomenon. The following table refers to the number of factor mentioned by the respondents when they were asked in an open-ended question to specify why they prefer to buy Russian or International products according to their previous answer. For the

sample, we only took into account the respondents with high education who buy international products.

Characteristics mentioned	# mentioned	% of the sample
Quality	67	97%
Taste	20	29%
Price	11	16%

Table 8 - Respondents with high education

According to this table, we can see that respondents with high education evaluate international product as "better quality" in 97% of the case.

We can **confirm our fourth hypothesis,** which suggested that Consumers who are willing to buy foreign products have higher education than those who are willing to buy domestic ones.

Summary of findings

For this research, there was a total of 113 Russian who answered the survey, from which 36 (32%) were males and 77 (68%) were females. The most important group of respondents, 65%, was between 21 and 29 years old. The level of education was considered as "High" since 83% of the respondents had at least a graduate level. Furthermore, 40% of the respondents are buying wine at least once a month and 41% less than once a month.

Four hypotheses were studied in order to answer the following research questions:

- ✓ Do Russian consumers pay attention to the origin of a product when they are buying?

In order to answer the first research question, simple percentage of respondents were studied. It revealed that the majority of respondents do not pay attention to country of origin criterion when they are buying a product. The most important criterion considered by the consumers are Taste (37%) and Price (27%), only after these criteria come Country of origin (18%). Furthermore, another question was studied in order to see how the respondents evaluate the importance of different criteria on a scale from 1 to 5 (1= not important; 5=very important). Here again, more than 50% of the respondents (67) attributed the highest grade, which is 5 for Taste. Respondents were more dispersed concerning the evaluation of country of origin with only 33% who attributed the highest grade. These findings are linked with the research of Liefeld (2004) who shows that out of 1,248 respondents, only 2,2%, considered that country of origin can influence their purchase. Moreover, Ahmed et al. (2002) confirmed in their research of low involvement products, meaning that consumers do not need to make an important effort before buying a product, that country of origin had a lower importance comparing to other criteria such as price for instance.

Therefore, according to the results, we can confirm that in our research, Russian consumers do not pay attention to the origin of a product when they are buying.

- ✓ Does a positive image of France influence the evaluation of French products by Russian consumers?

For this question, we based our results on Country image theory. During the survey, respondents were asked to define their favorite wine producing country. 31% of the respondents chose France at first, then Spain (20%) followed closely by Italy (19%). This was interesting to see the perception of consumers in terms of wine. France is the second largest producer of wine in the world and we can see that this reputation is in the mind of the respondents, which is favorable. To analyze our research question, we used unpaired t-test in order to see the influence of a positive France image with the choice of France as the favorite wine producing country. A positive image of the country was evaluated by the criteria of « Good quality products » and « Good reputation products ». We could see in both cases that respondents who chose France as their favorite country evaluated French products overall very positively with means of 4,73 and 4,65 out of 5 (5=describes perfectly). Moreover, we add to this analysis, a simple percentage description in order to support our research question. When respondents were asked to describe in an open-ended question how they perceived French wine, 34% answered that the wine was « Tasty », « of good quality » at 26%, « Famous wine » at 13% and so on. We can also support these findings with the research of *Jaffe and Nebenzahl* (2006), which talked about the constantly improvement of country's image and on the fact that consumers have different opinions on countries but the ones who like one country in particular can be tempted to buy products for the same country overall since they already have a positive image.

We can select the most significative answers, which reflect the positive image among the consumers:

- Respondent 6: « In general, the best wine in the world »
- Respondent 9 : « France is the best country for wine! »
- Respondent 65: « One of the most famous country of wine makers »
- Respondent 101: « Very good quality and reputation! »

These comments support the fact that France is evaluated positively among these respondents and according to the results, we definitely confirm that a positive image of France influences Russian consumers's product evaluation.

- ✓ Do socio-demographics criteria like age and education influence Russian consumer's purchase?

There were different findings that were studied before and about different sociodemographic characteristics. For this research, the focus was made on age and education. Concerning the influence of age, we did not see significant differences to prove that consumers who are between 21 and 29 can be more influenced by country of origin than other consumers. Furthermore, we need to take into account that the majority of the respondents population were between 21 and 29 and few respondents between 30 and 49. We cannot say for the sociodemographic characteristic of age that it has an influence on Russian consumers's purchase.

However, concerning the education, we saw that respondents with higher education are more willing to buy foreign products than Russian ones. Furthermore, we took the example of some characteristics, which ere mentioned by the respondents in the survey. 97% of the respondents with high education mentioned the quality of international products compared to Russian products. Usually people with high education tend to have international experience and a higher salary, which can favorise the purchase of international products. We can link these findings with the study of Paswan and Sharma (2004) who mentioned that consumers with higher level of education have a more positive understanding and perception of foreign products. Like the previous research question, we will take some examples of the comments made by the respondents, who talk about their opinion of international products in the survey :

- Respondents 58: « The quality is better and there is a better control »
- Respondents 86 : « Imported goods have better quality than russian ones »

- Respondents 94 : « Russian products are cheaper, but international ones are much more interesting and exciting »

- Respondents 113 : « Because it means to learn other cultures »

Therefore, we can **confirm** that the sociodemographic characteristic of **education** influences Russian consumer's purchase but the one of **age is not confirmed** in our study.

CONCLUSION

This last part is dedicated to the summary of the research and also to talk about the managerial contributions that we can link to this topic. Furthermore, a suggestion for future researches was done at the end of the chapter.

The **main goal** of this thesis was to see and understand if the country of origin of a product, here French wine, had an influence on Russian consumer's purchase. The relevant theories of country of origin and country image have been discussed in the *theoretical part* in order to develop the background of the hypotheses. This part was about to understand the country of origin and country image theory in details over the past years and see the improvements that researches have made in order to understand the phenomenon.

In the empirical part of this research, it was important to link the theory with the creation of a survey, which helped to understand Russian consumers. The objective of the survey was to understand the characteristics that can influence the consumer in his or her purchasing decision. Four hypotheses were made in this study in order to answer the three research questions:

- ✓ Do Russian consumers pay attention to the origin of a product when they are buying?
- ✓ Does a positive image of France influence the evaluation of French products by Russian consumers?
- ✓ Do sociodemographic criteria like age and education influence Russian consumer's purchase?

The survey was answered by a total of 113 Russian respondents with a majority of women. Moreover, the majority of the respondents were between 21 and 29 years old with at least a graduate education level. Of course, these does not reflect the entire Russian population that is why this is one of the limitation in the research.

In this final chapter, the managerial contribution of this research, the limitations and the suggestion of future researches are mentionned.

Managerial contributions

This topic can be useful for marketers in different industries in order to analyze the different factors that consumers take into account when buying a product. For instance, category management can use the theory of country of origin in order to promote a product. For example, the famous food brand, *Barilla,* is using its country of origin, Italy, has the most important criterion in their advertising campaign or packaging. For Barilla, Italy is a real symbol of quality in the food industry and the brand is proud to put it on the front page in order to influence consumers. Furthermore, this can also be useful for big retail chain such as *Lenta* in Russia in order to highlight some the origins of specific products like wine for instance in order to see if their consumers will be more willing to buy French or Italian wine for instance.

Since 1,5 years that I am living in Russia, I saw improvements in the retail chain companies such as *Lenta* for instance. When I arrived in the country, I did not find all the international products that I wanted for instance shampoo, foods, etc. Since the beginning of 2018, I began to see important changes with the improvements of customer services but also in terms of product availabilities, I found now a lot of foreign brands that I could not imagine finding one year ago. Russia is an important and growing country that companies should into consideration when exporting abroad. Furthermore, after this research, I found out that Russian consumers are more and more willing to buy foreign products in order to discover new tastes, new way of consuming, etc. COO is definitely a theory that marketers should take into consideration when promoting products.

Limitations

Even tough the thesis has shown interesting results that could increase the number of future studies in the Russian market; there were some **limitations** that need to be taken into consideration

First of all, our study was only focus on the Russian market, so we cannot apply the findings to other countries since each of them has a specific culture and different economics. Furthermore, the theme was only focus on the example of French wine, which definitely limits the generalization of the results.

Secondly, the number of respondents, 113 in total, was not 100% random since the respondent should at least speaks English to answer the survey and has an account on VK and/or Facebook to see the survey. Therefore, it was pretty limited in terms of communication channels and restricted since people who were not speaking in English could not answer. It will be more interesting to get more result from all the population to get various respondent profiles with different expectations. Plus, 65% of the respondents were young respondents (between 21-29) and 83% have High education (Graduate), which does not reflect the overall Russian population.

Also, the research was restricted to three research questions with precise factors analyses. It will be interesting to evaluate different criteria in order to compare these results and see if other factors can influence consumer's minds.

Finally, some factors in the study were totally subjective such as "Taste", which depends on the cognitive and personal attributes of each individual that is why, maybe this part should be deleted of the survey.

Future researches

The internationalization of the market gives the opportunity to companies to export their products all around the world and promote their country via the country of origin theory. For now, it will be interesting to get a deeper analysis of the Russian market since it is constantly growing and improving. Furthermore, we could think about analyzing different type of product such as luxury products, fast-moving consumer goods, etc. in order to see if there are real differences between these areas. Lastly, we mentioned in the theoretical part that ethnocentrism could have an influence when talking about the COO, however, we did not analyze it that is why it will be also interesting to see Russian consumer ethnocentrism aspect and see its influence.

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LIST OF TABLES

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APPENDICES

APPENDIX 1 – Survey

Consumer profile

As part of my course, I am doing a Master thesis on the effect of country-of-origin on Russian consumers with a special focus on French wine. The goal is to understand Russian consumer wine preferences and if they are influenced by their country-of-origin during their purchases.

The survey takes less than 5 minutes!

This survey will only be used for my thesis and will stay confidential. Only people who are 18 years old or more are allowed to answer this survey.

Thank you for your help on this project!

*Required

1. **Gender**

   Mark only one oval.

   ◯ Male
   ◯ Female
   ◯ Other: ____________________

2. **Could you tell-us your age range?** *

   Mark only one oval.

   ◯ 18-20
   ◯ 21-29
   ◯ 30-39
   ◯ 40-49
   ◯ 50-59
   ◯ 60 or more

3. **Can you specify your highest level of education?** *

   Mark only one oval.

   ◯ Elementary
   ◯ High school
   ◯ College
   ◯ Graduate

4. **Please indicate your monthly average income (after taxes)**
Mark only one oval.

- < 20 000 RUB
- 21 000 - 50 000 RUB
- 51 000 - 80 000 RUB
- 81 000 - 100 000 RUB
- More than 100 000 RUB

Purchasing wine habits

5. **How often do you buy wine for your personal use?** *
Mark only one oval.

- Less than once a month
- Once a month
- Once a week
- Twice a week
- More than twice a week
- Other: ______________________

6. **To what extend do you take into account the following criteria when you are buying wine? (1= not at all, 5= a lot)** *
Mark only one oval per row.

	1	2	3	4	5
Price					
Country of origin					
Ingredients					
Reputation					
Taste					
Year of production					
Alcohol content					

7. **What is your favorite country for wine producer, if any?** *
Mark only one oval.

- France
- Italy
- Russia
- USA
- Argentina
- Spain
- Australia
- None
- Other: ______________________

8. **What is the most important aspect when you are buying wine?** *
Mark only one oval.

- Price
- Country of origin
- Ingredients
- Taste
- Quality
- Reputation
- Year of production
- Other: ____________________

Country image

9. **For each criteria below, please rate how well they describe French products overall:**
Mark only one oval per row.

	Doesn't describe at all	Doesn't quite describe	Neutral	Describes somewhat	Describes perfectly
Good quality					
High social status					
Good reputation					
Expensive products					
Luxury					

10. **How do you perceive French wine?** *

11. **Have you ever been to France?** *
Mark only one oval.

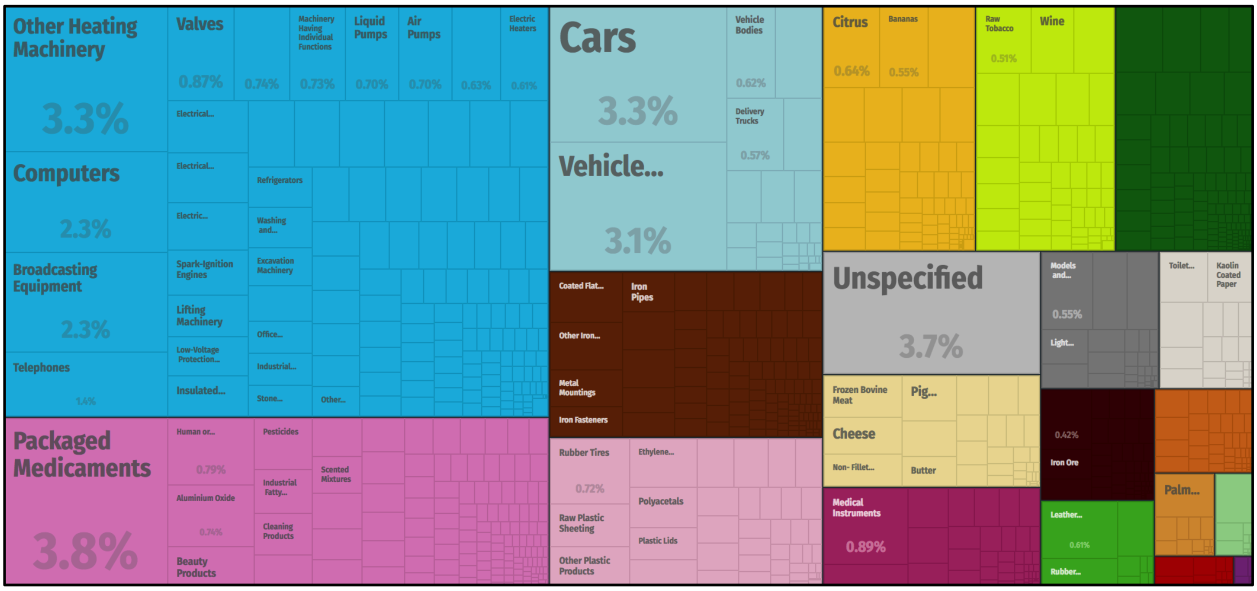
- Yes
- No

12. **In your everyday life, you prefer to buy:** *
Mark only one oval.

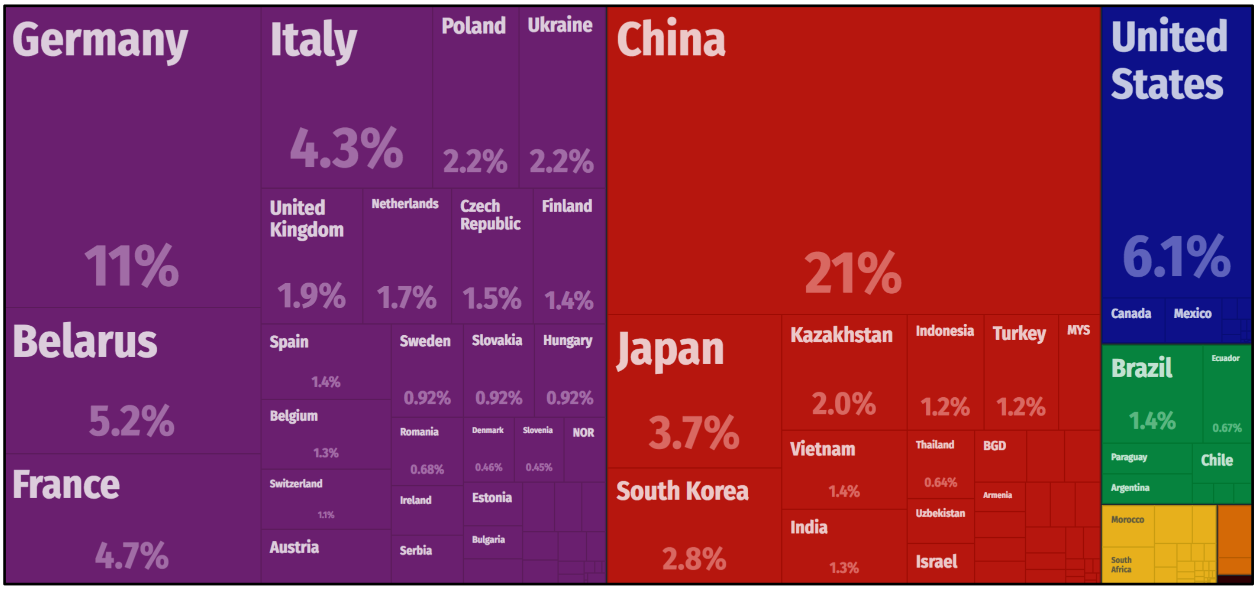
- Russian products
- International products

13. **According to your previous answer, can you specify why you prefer to buy Russian/International products?** *

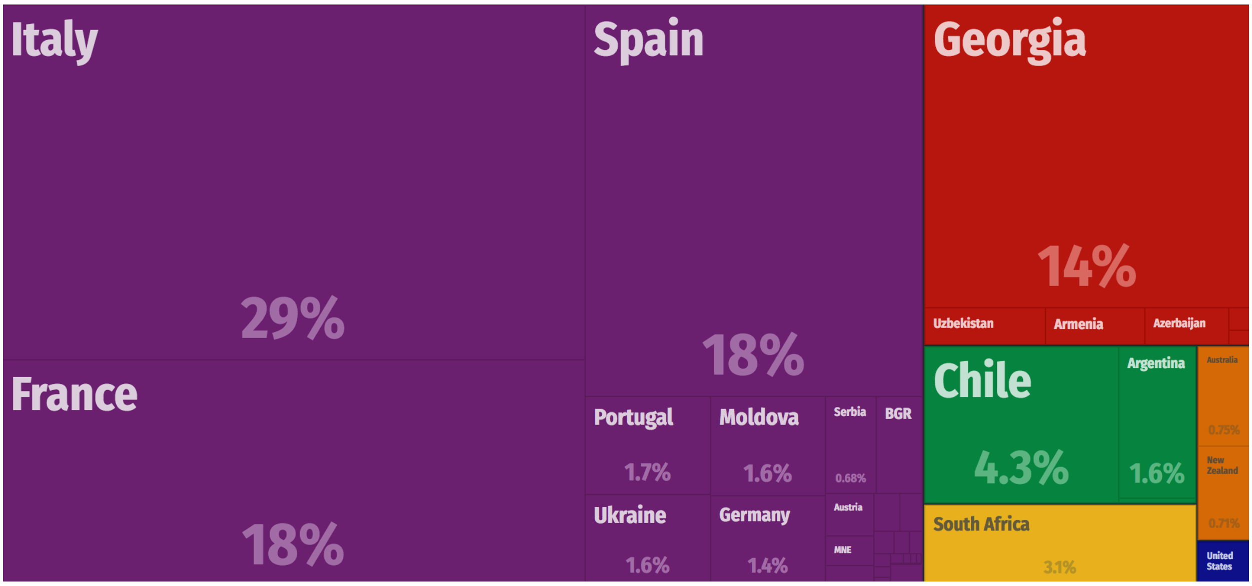
APPENDIX 2 – Import and exports in Russia in 2016, OEC



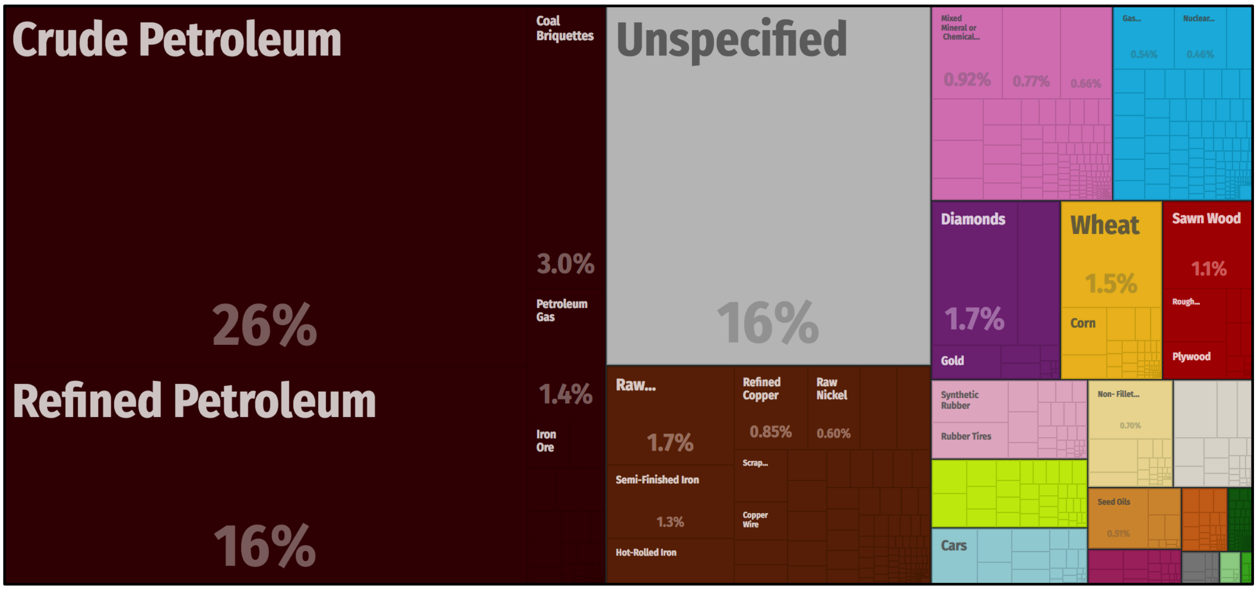
Categories of products that Russia imports, *OEC, 2016*



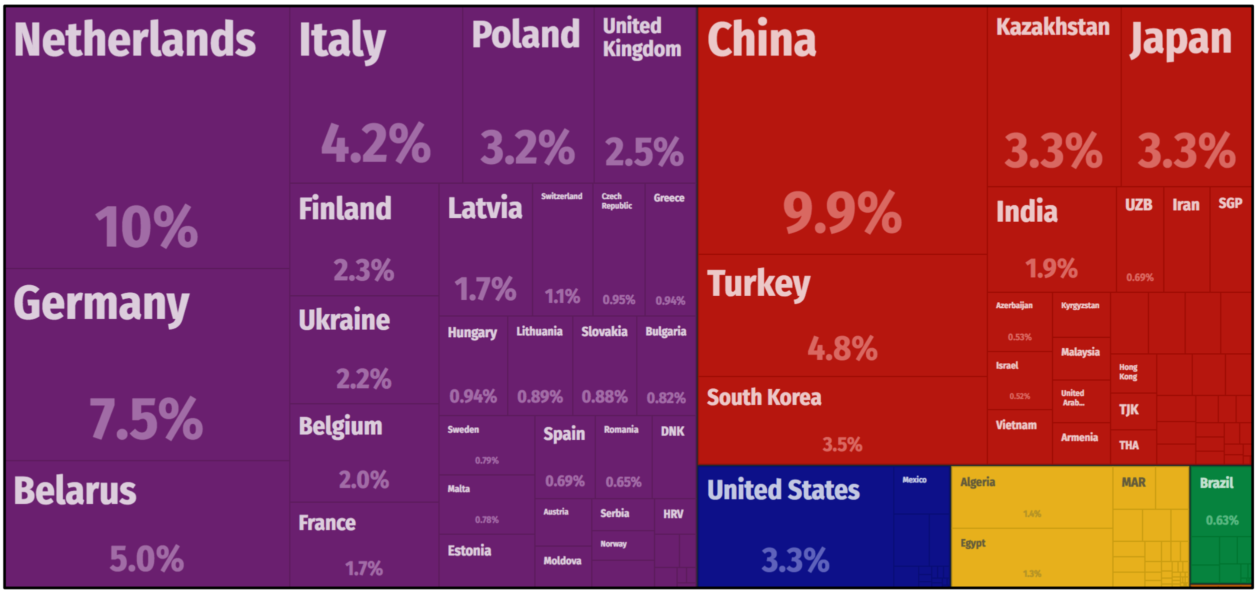
Countries where Russia import from, *OEC, 2016*



Countries where Russia import wine from, OEC, 2016



Categories of products that Russia exports, OEC, 2016



Countries where Russia exports to, OEC, 2016

APPENDIX 3 – Country image dimensions, *Roth and Romeo (1992)*

Study	Country Image Dimensions	Production & Marketing Image Dimensions
Nagashima	Price & Value	
[1970, 1977]	Service & Engineering	*Innovation*
	Advertising & Reputation	*Prestige*
	Design & Style	*Design*
	Consumers' Profile	
White	Expensive	
[1979]	Price	
	Technicality	*Innovation*
	Quality	
	Workmanship	*Workmanship*
	Inventiveness	*Innovation*
	Selection	
	Serviceability	
	Advertising	
	Durability	
	Reliability	
	Brand recognition	*Prestige*
Narayana	Quality	*Workmanship*
[1981]	Recognition	
	Prestige	*Prestige*
	Production Form	*Innovation*
	Expensiveness	
	Popularity	
	Functionality	*Design*
Cattin, Jolibert & Lohnes	Pricing	
[1982]	Reliability	
	Workmanship	*Workmanship*
	Technicality	*Innovation*
	Performance	
Jaffe & Nebenzahl	Product-technology	*Innovation*
[1984]	Marketing	*Prestige*
	Price	
Johansson & Nebenzhal	Economy	
[1986]	Status	*Prestige*
Han & Terpstra	Technical Advancements	*Innovation*
[1988]	Prestige	*Prestige*
	Workmanship	*Workmanship*
	Economy	
	Serviceability	

APPENDIX 4 – Evolution of the Russian GDP, *Tradingeconomics (2018)*

APPENDIX 5 – Detailed statistical analyses

t-Test: Two-Sample Assuming Unequal Variances

	Favorite: Other; France - Good reputation	Favorite: france; France - Good reputation
Mean	4,197368421	4,647058824
Variance	0,453859649	0,295900178
Observations	76	34
Hypothesized Mean Difference	0	
df	78	
t Stat	-3,712169185	
P(T<=t) one-tail	0,000191879	
t Critical one-tail	1,664624645	
P(T<=t) two-tail	0,000383757	
t Critical two-tail	1,990847069	

t-Test: Two-Sample Assuming Unequal Variances

	Favorite: Other; France - Good quality	Favorite: France; France - Good quality
Mean	3,907894737	4,735294118
Variance	0,751403509	0,200534759
Observations	76	34
Hypothesized Mean Difference	0	
df	106	
t Stat	-6,585569221	
P(T<=t) one-tail	8,94809E-10	
t Critical one-tail	1,659356034	
P(T<=t) two-tail	1,78962E-09	
t Critical two-tail	1,982597262	

Two tailed test for Hypothesis 2

t-Test: Two-Sample Assuming Unequal Variances

	21-29	30-39
Mean	3,702702703	4
Variance	1,417252869	1
Observations	74	21
Hypothesized Mean Difference	0	
df	38	
t Stat	-1,150526568	
P(T<=t) one-tail	0,12855794	
t Critical one-tail	1,68595446	
P(T<=t) two-tail	0,257115881	
t Critical two-tail	2,024394164	

t-Test: Two-Sample Assuming Unequal Variances

	21-29	40-49
Mean	3,702702703	3,647
Variance	1,417252869	1,868
Observations	74	17
Hypothesized Mean Difference	0	
df	22	
t Stat	0,15491717	
P(T<=t) one-tail	0,439149565	
t Critical one-tail	1,717144374	
P(T<=t) two-tail	0,87829913	
t Critical two-tail	2,073873068	

Two tailed T-test for Hypothesis 3

	International	Domestic	
Lower	1	18	*19*
Higher	69	25	*94*
	70	*43*	*113*

p value 0,0001

The association between rows (groups) and columns (outcomes) is considered to be extremely statistically significant.

Fischer exact Test for Hypothesis 4